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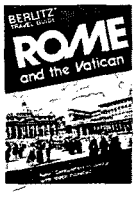

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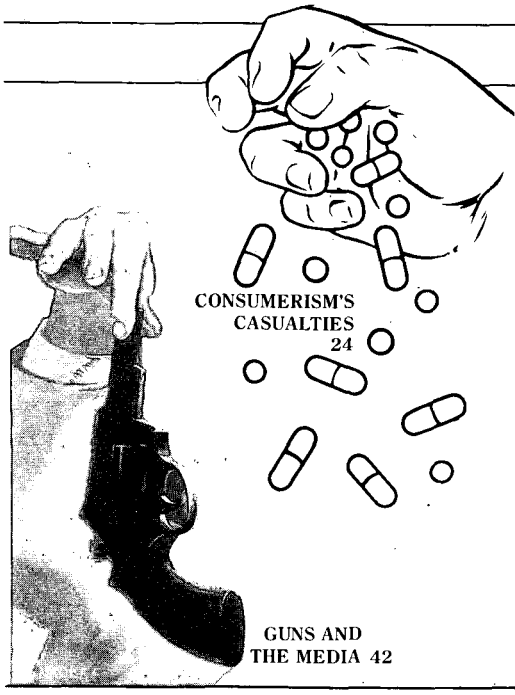

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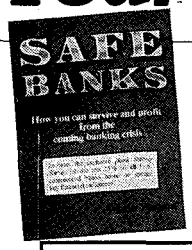

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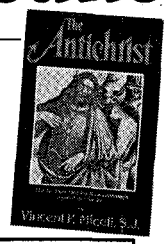

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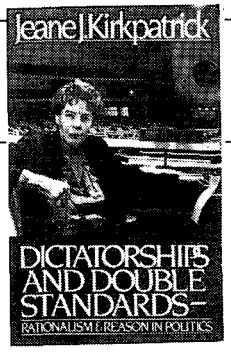

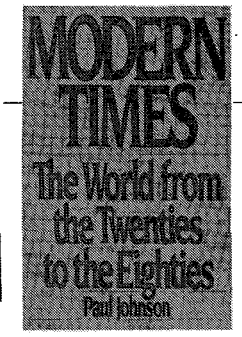

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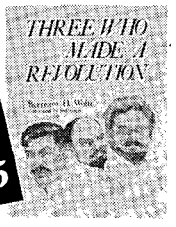

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NOTEs

Ayn Rand's novels on film? Those of you who, like REASON's founders, were strongly affected by the writings of novelist-philosopher Ayn Rand will be interested to learn that within the next few years, all four of her novels may be available in filmed versions. Two such films already exist. Besides the well-known 1949 version of *The Fountainhead* (from Warner Brothers, starring Gary Cooper and Patricia Neal), we recently learned, there is a little-known 1942 Italian version of *We the Living*, starring Rossano Brazzi. The film was banned by the Mussolini government shortly after its release and has not been seen since. Now, Henry Mark Holzer and Erika Holzer have purchased the film, and a subtitled version is in preparation by Duncan Scott Productions of New York. Plans are to submit it to the Cannes Film Festival this year, followed by worldwide theater and television release.

The new projects involve *Anthem* and *Atlas Shrugged*. Movie rights to the former have been granted by Ayn Rand's estate to O'Quinn Productions (the movie and TV branch of the Starlog Organization). Kerry O'Quinn and Douglas Borton are working on a screenplay, based on a lengthy treatment they developed last year. Meanwhile, work is continuing on a screenplay for a movie version of *Atlas Shrugged*, under the auspices of Hollywood's Henry Jaffe Enterprises, which holds the movie rights to this novel. We'll keep you posted on all of these projects.

Another think tank favoring individual liberty and free markets is coming into being—this time in Vienna. The Reason Foundation is helping it to get started. The Carl Menger Institute begins operating early this year, with Prof. Albert Zlabinger as its executive director. Like similar think tanks in the United States, Canada, England, and a number of other countries, CMI will conduct public-policy research, publish books and monographs (including translations into German of a number of English-language books), and hold seminars and conferences, all with a view to reviving the ideas of classical liberalism in Austria. Americans interested in making tax-deductible contributions to assist with this effort should make their checks payable to the Reason Foundation and designate their use as the Carl Menger Institute Fund.

The Reason Foundation's daily radio program, "Perspective on the Economy," continues to grow. Last spring, when we sought your help in funding this new effort, the program, a daily one-minute commentary on current issues from a free-market stance, was carried on 155 radio stations. As of the first of this year, that 155 had grown to 187. Included in that total were 44 of the country's top 100 radio markets. So each weekday millions of listeners are hearing economically literate commentary by REASON contributors. My thanks to all of you who helped us with this project. And if any of you would like a "Perspective" brochure with which to approach your local radio station about carrying the program, please let me know.

Does your library carry REASON? If your nearest public library branch, your college library, or the nearest high school library carried REASON, think how many people would be exposed to the ideas of "free minds and free markets." You may wish to ask the librarian to order REASON—they frequently need only a few requests in order to do so. Or you could offer to buy the library a gift subscription. That's a tax-deductible item for you, since it's a gift to the library. Moreover, you can add REASON to your library at bargain rates. One or two library gift subscriptions are just $12 each. If you give three or more, our special rate is just $10 each. Send your order to Library Gifts, REASON, Box 40105, Santa Barbara, CA 93140. Your canceled check will serve as your receipt for purposes of documenting a tax-deductible contribution.

—R.W.P.

Correction: Tim Condon's Taxes column in the December 1984 issue contained an error relating to the estate tax exemption, parenthetically noting that the exemption was frozen at $275,000 by the Tax Reform Act of 1984. This is incorrect, and the scheduled increases to $325,000 in 1984 and $400,000 in 1985 have occurred. Our erstwhile tax expert happily notes that such a freeze was indeed not passed. "If I've got to be caught in a misstatement," he said, "at least it's one where the facts are good news for everyone outside the Gang of 535. My apologies to anyone who was misled by my mistake."

—M.Z.

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Our two chief editors are James Dale Davidson and Sir William Rees-Mogg, former editor of the *Times* in London. Both have an amazing record of accurate—and sometimes starting—predictions, including:

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EDITORIAL

Robert W. Poole, Jr.

For This We Pay $300 Billion?

In all their battling over the defense budget, the administration and Congress are forgetting the most important question: How much real defense are we getting for our $300 billion? Unfortunately, the answer is, pretty damn little.

Yes, there is waste in the Defense Department. The Grace Commission identified tens of billions of possible annual savings from sensible measures like multiyear contracting, more-competitive procurement practices, privatizing commissaries, and closing unneeded military bases.

But it is only when you analyze where the defense dollar goes that you begin to see how little bang we get for our bucks. First of all, only one-seventh of the defense budget goes for nuclear forces. That means, of course, that the other 86 percent goes for conventional forces. What are those forces for?

According to the government's own figures, *65 percent* of the entire defense budget (and most of those conventional forces) goes to defend Europe and Southeast Asia (Japan and South Korea). And the bulk of that is spent on NATO. In 1983 the average French citizen paid $310 in taxes for defense; the average German, $360; the average Briton, $450. But the poor American paid $920. Of that, $524 went to defend Europe, $74 to defend Japan and South Korea, and only $322 to defend this country. That's right—the average American spends more of his tax dollars defending Europe than does the average European!

But the picture is even worse than those numbers suggest. What is the threat to our own country that Americans are spending so much to defend against? A land invasion? Preposterous. An amphibious assault? Ludicrous. The only *real* threat to this country is that of a nuclear attack. And what defense do we have against that?

None. Zero. Zilch.

We have *no* defense against Soviet bombers or cruise missiles. We have *no* antiballistic missile (ABM) defenses against Soviet missiles. And we have essentially *no* civil defense against the aftereffects of a nuclear attack. (The Soviets, by contrast, have all three forms of defensive systems.) Our *only* form of defense against a nuclear attack is the threat of massive nuclear retaliation.

So the bottom line is this: We are spending $300 billion a year but getting practically no defense against the only real threat to our survival. At a time of massive budget deficits, it seems clear that defense spending must also be cut. But that makes it all the more imperative to insist that the dollars we *do* spend actually go to defend us. That calls for completely rethinking present defense priorities.

Our most urgent need is to defend against nuclear assault, not by threatening annihilation but by disabling an enemy's attack. That means building defensive systems against the various threats. We don't need to wait for the perfection of high-tech, "Star Wars" weaponry like railguns, particle beams, or X-ray lasers. Available right now are medium-tech systems for both earth-based and space-based defense, along the lines proposed by the High Frontier people. Some very substantial initial defense against nuclear attack could be provided by such systems, coupled with construction of fallout shelters, at a cost of about $250 billion over a 10-year period—about $25 billion a year. Meanwhile, of course, R&D on the high-tech systems should continue.

How would the money to build these defensive systems be raised, at a time when we cannot afford to expand the defense budget? There are two principal means: get our allies off the dole, and eliminate marginal big-ticket offensive systems.

Western Europe has a gross national product 35 percent larger than ours ($3.5 trillion versus $2.6 trillion in 1980). It can easily afford to defend itself—*if* its political leaders can be convinced that the days of defense welfare are over. The way to do that is to set up a definite timetable for withdrawing our troops and weapons—for instance, 10 percent a year for 10 years—and stick to it.

To be sure, even if we demobilized most of the troops as they came home, we would not save the full $177 billion a year (1985 budget numbers) allocated to NATO. Most of the naval forces, for example, should remain in service, and a lot of the army equipment should go to the reserves. But if even half of that sum were eliminated, that's $88 billion a year once the transition is completed. And even the first year's $8.8 billion, the second year's $17 billion, and so on would quickly add up to major savings.

(The NATO alliance, please note, was never intended to be permanent. It has a one-year-notice termination provision. And it is not a mutual alliance at all. Americans pay to protect the others; the others don't pay to protect Americans. It's a very cheap insurance policy for Europe, but at a huge cost to us that we can no longer afford.)

The other source of savings would be to trade off high-cost but marginally useful *offensive* weapons in order to purchase vitally needed *defensive* systems. The MX missile is now recognized as a turkey even by Sen. Barry Goldwater and the *Wall Street Journal.* Far better to simply protect our fields of (still serviceable but aging) Minuteman missiles with ABMs and get on with the task of developing a small, mobile, single-warhead successor missile. Likewise, we should dump either the B-1 or the Stealth bomber. A low-vulnerability cruise-missile carrier makes sense, but not *two* very costly programs of this sort.

Rethinking defense priorities in this manner would not merely ease the present budget crunch. It would also lead to a safer world. An independent, nuclear-armed European NATO would confront the Soviets with a far stronger restraining force than the present, no-longer-credible US nuclear umbrella over Europe. And with the beginnings of a defensive shield in place, Americans could breathe somewhat easier about the threat of nuclear annihilation.

Robert W. Poole, Jr.

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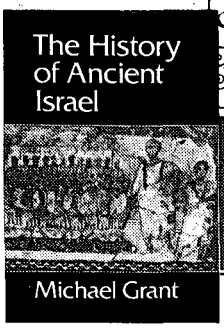

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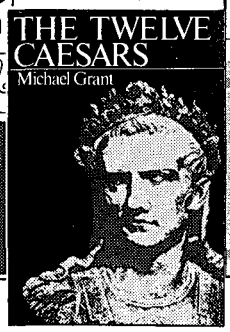

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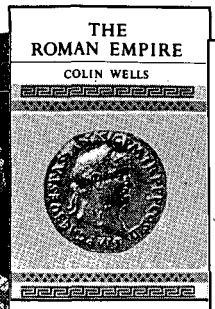

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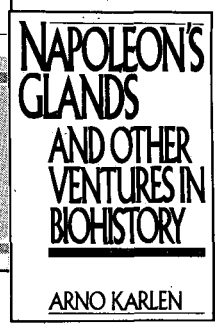

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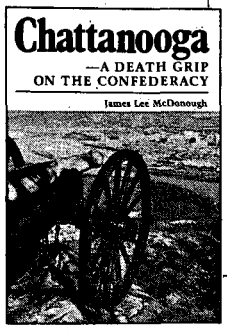

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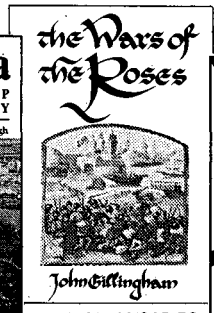

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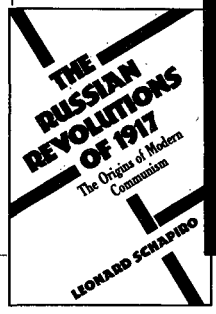

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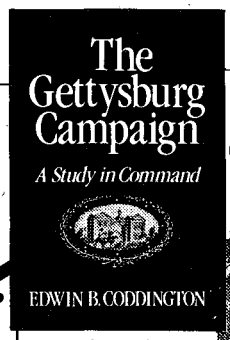

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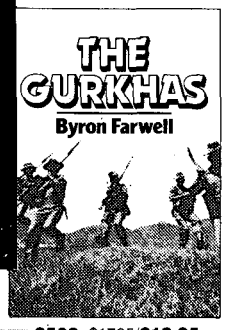

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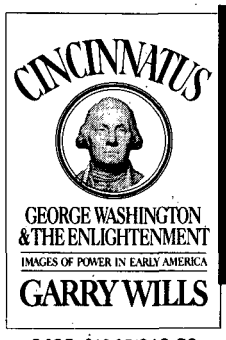

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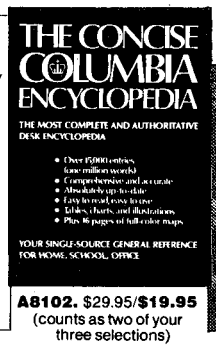
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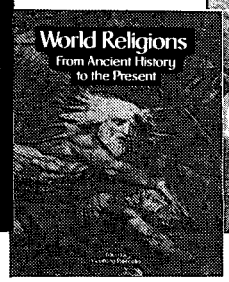

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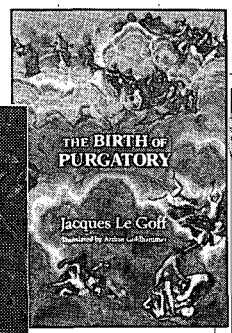

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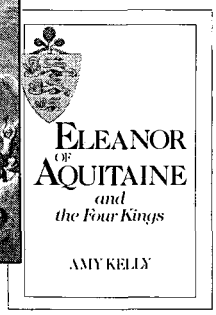

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Letters

Structure, Not Size, Is the Key to Reform

Peter Samuel's "Hill Bent on Spending" (Nov.) is an outstanding and depressing account of the nature and causes of the "American disease." Yet his hope that grass-roots counterlobbies can play a significant role in turning back the tide of government-by-pressure group seems misplaced. The problem is not the size of government but the nature of government. The state will not remain "cut back" unless a thorough constitutional reform is carried out.

The present fight on a broad front (monetary reform, privatization, counterlobbies, fiscal relief, etc.) must be viewed merely as a way of building a consensus for a new constitution. As economist F. A. Hayek demonstrates, convincingly I believe, in *Law, Legislation, and Liberty*, the present disorder in government results neither from democracy nor from the existence of government per se, but from the absence of a *real* (as opposed to the now merely nominal) separation of powers. The Founding Fathers and other advocates of constitutional government made a grievous mistake in combining in the same assembly both the legislative and the administrative functions of government. Worse, this assembly is composed by representatives elected through party politics. The result has been a replacement of true legislation (general rules equally applicable to all) by an ever-growing number of pseudo-laws (particular rules aimed at creating privileges for particular groups).

To solve this problem, Hayek proposes the obvious answer: the separation of the true legislature (democratically elected, but not by parties, and charged with the responsibility of creating only general rules) from the governmental assembly (democratically elected by parties, and charged with the responsibility of creating *particular* administrative measures, subject to the *general* laws laid down by the legislators).

Limiting congressmen to one term, as proposed by Prof. Jack Douglas ("Reining in the Imperial Congress," Aug.), would improve the situation somewhat. But this overlooks the crucial aspect of the question: the need for a real separation of powers—a separation that has always been a myth. Without a fundamental reform, all efforts to reduce the size of government may yet prove useless in stemming the totalitarian tide.

José Italo Stelle
São Paulo, Brazil

Moving in on Marx

In his review essay on work by and about F. A. Hayek ("The Road to Freedom," Dec. 1984), Jeremy Shearmur mentions a volume in honor of Dr. Hayek, *The Political Economy of Freedom*. He begins by noting that he was "especially impressed" by an essay by William Bartley in which the author "explains that he has learned from the philosopher Karl Popper that one never knows what one is saying and from Hayek that one never knows what one is doing." While this is cute enough—though why "urbane," as Shearmur claims, I cannot fathom—it is also disturbing, especially when read in a magazine called REASON.

Shearmur goes on to say that this same author's criticism of Karl Marx "suffers a little from being an attack conducted from the outside, thus doing Marx's views a *little* less than justice before moving in for the kill." What does this imply? That to do Marx full justice one must be a Marxist? Are we to suppose that this is true? No. Perhaps then it should be taken literally, which could mean that Shearmur believes that Marx can only be attacked on the basis of internal inconsistencies.

Yet right after this, Shearmur proceeds to say that his criticism ("doing Marx's views a *little* less than justice") "is much more true, however, of a critical piece on Marx by Tibor Machan, which reads a little as if he had been let loose with a dictionary of quotations from Marx." Now, one reason to quote a person one wishes to criticize is to remain as close to the inside as possible; to show that in the target's own terms, flaws emerge. But by Shearmur's account, this has led me further away from doing justice to Marx's views. Shearmur should tell us what his criteria are for a telling criticism.

But what is one to say to someone who is impressed with declarations of ignorance? At least the editors of REASON should have reminded Shearmur that his critical points about the essay in question are confusing.

Tibor R. Machan
San Diego, CA

Mr. Shearmur replies: Professor Machan raises a number of points. I will concentrate on two:

Bartley, in the passage Machan quotes, is saying that just as Hayek has argued that our actions have consequences of which we are not aware, so Popper has argued that our statements have consequences, and thus meaning, of which we are not aware. Machan criticizes me for noting this (which is like shooting the bearer of bad news). More importantly, he has misunderstood its significance. For it suggests just how important it is for rationalists, such as Machan, Bartley, and myself, to be vigilant and self-critical.

Machan and I agree about doing justice to someone whom one is criticizing. Bartley did Marx "a *little* less than justice" because Marx's views in his "Excerpts from James Mill" go a little way towards meeting Bartley's criticisms. As to Machan, quoting one's subject may sometimes help to do justice to him; but sometimes it may not. The unintended consequence of Machan's particular use of quotes is that while his essay is not without merit, it does less than justice to Marx.

Taking Rand's Art Seriously

I appreciated Randall Dipert's lengthy and often very interesting discussion of *The Philosophic Thought of Ayn Rand* ("Taking Ayn Rand Seriously," Jan.), but one part of the review strikes me as particularly offensive: Mr. Dipert's throwaway comments on Miss Rand's theory of aesthetics. Her theory is a "robust" but "naive and not-well-thought-out romanticism." The result of her application of this robust but naive theory was "long, strident, blustery tirades by major figures—as if loud, angry speeches were the primary literary mode of being 'moving.'" Her novels are also "virtually lacking in all the niceties of careful character develop-

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ment, plot nuances, and elegant language that are the standards of good novels."

Whoa there!—pull up the philosophical reins for a minute. Have Dipert and I been studying the same works? Careful character development, plot nuances, and elegant language may be found in overflowing abundance in Rand's novels. The only novel where "tirades" conceivably become a problem is *Atlas Shrugged*, and even here it is arguable whether the assignment Rand set herself could have been completed without them. I'm not going to assert that Rand's novels are flawless, but let us give genuine greatness its due. Many passages of *The Fountainhead* and *Atlas Shrugged* move me greatly, but they are not necessarily bolstered by a "tirade." The uplifting factor is genius.

Let us treat Rand's art with the same care and consideration we are being urged to show toward her philosophy.

David M. Brown
Syracuse, NY

Rand on Rights

In his review of *The Philosophic Thought of Ayn Rand* (Jan.), Randall Dipert misrepresents her views on an important point. She surely would *not* have agreed that "the idea of respecting others' rights is somehow implicated in the very idea of a good human life." While she regarded it as a settled issue that honoring the rights of others was in one's own interest, she did so because she regarded the real-life evidence as overwhelmingly on her side. What kind of real-life evidence? Real life in the United States vs. real life in Russia, for instance.

By the way, I hope everybody took a good look at the list of activities Dipert regards as comprising "true social behavior—talking, listening, asking, obeying." *Obeying?*

John Enright
Chicago, IL

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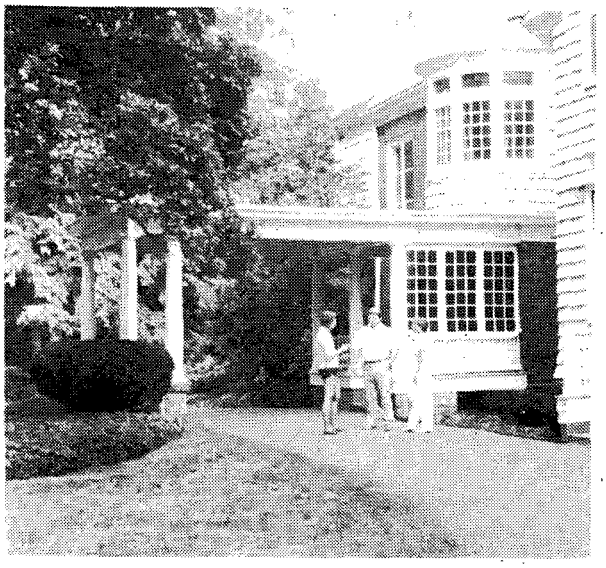

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brickbats

Teachers in Georgia's Cobb County are prohibited from bringing up abortion or homosexuality in their classes. And they better not mention religion, communism, evolution, witchcraft, or the supernatural unless they clear it first with officials. This is because of a recent directive from school superintendent Tom Tocco, who says it is an attempt to head off "needless controversy." Teachers are allowed only to answer questions on these subjects from students—briefly—and then return to the approved curriculum. Tocco's action came after a complaint from a parent who said her daughter was being taught humanism and personal decisionmaking during a class about drug abuse. The spirit of free inquiry lives in Cobb County.

Affirmative action for mannequins? That's the decree from the Federal Aviation Administration. Planning a controlled crash landing to study safety aspects of large transport aircraft, the FAA purchased instrumented dummies for the 75 seats. A first batch was made up of white dummies, which were installed in the front of the plane. But the second batch from the dummy contractor had black dummies. Now the only seats available were—you guessed it, in the rear of the aircraft. A logical person might ask what difference it makes. But in the true spirit of equal opportunity for the glorious chance to "die" in a plane crash, the FAA removed some of the white dummies from the front of the plane and replaced them with black dummies, in an equal fashion, of course. The punchline for this item is just too obvious to mention.

If you threaten to blow up the Washington Monument even though the suitcase you say contains dynamite is really filled with bricks, you're a terrorist. But if you actually succeed in burning a family-planning clinic to the ground, you're merely a criminal. FBI Director William Webster says a terrorist is one who attacks *government.* Sorry, but the 20 bombings at abortion clinics in 1984 just don't fit the definition, and that means the FBI places a lower priority on the clinic attacks. It also means that Webster gets to proudly announce that "terrorist" attacks have declined since he's been in office. Pretty fancy footwork. Webster is the landslide winner of REASON's statist-of-the-month award. And by our definition, a statist is a statist, whether private or public.

Ted Stamayannos owns a gas station in Waukegan, Illinois, that has a small food business on the side. A state undercover investigator says that the cashier—a teenage girl—charged him 32 cents more in sales tax than she should have. So Ted has been charged with violating the state Consumer Fraud Act, and the state wants him to pay $150,000 in damages. By the way, Ted didn't pocket the extra 32 cents. He turned it in to the state with the rest of his sales tax revenue. But the state's attorney general says that's not relevant. A violation is a violation. A judge threw the case out, but the attorney general is spending thousands of dollars of Illinois taxpayers' money to appeal that decision. All for 32 cents. A violation is a violation.

Scenes you shouldn't hold your breath waiting to see:
WILBERG COAL MINE UTAH
COAL POWER IS UNSAFE! THIS IS A CRAZY WAY TO GENERATE ELECTRICITY! WE'VE GOT TO ORGANIZE RALLIES TO SHUT THESE THINGS DOWN! NOW IF JANE FONDA AND JACK LEMMON COULD MAKE A MOVIE....

Maryland's highest court ordered the immediate removal of a judge accused of forging another judge's signature. District Judge Stanley Y. Bennett was reported to be attempting to clear the driving record of a grandson of a political supporter. Bennett was accused of changing the reckless driving conviction against the 16-year-old to three months' probation. But don't feel too sorry for Bennett, only the third judge in Maryland history to be ousted from the bench: he gets to keep his pension and all other accrued benefits.

Lady, a cocker spaniel, was "rescued" from her allegedly cruel owner seven years ago. The then-puppy was locked up in the Fort Wright, Kentucky, animal shelter without companionship and kept there ever since because she is "evidence" in the animal cruelty case. The case file was misplaced, but nobody noticed until Jessie Pierce, an animal welfare volunteer, demanded that she be allowed to find the eight-year-old pooch a real home. A judge agreed to hold a custody hearing. "Lady didn't do anything wrong," says Jessie Pierce. "She was just born, and that was her only mistake." They don't call it a dog's life for nothing. The animal shelter charges Kenton County $2.30 a day for the care of strays. The cost of Lady's care for seven years comes to more than $8,000.

Did the wrong guy get elected or what? In the first four years of Ronald Reagan's "get big government off the backs of the people" administration, the number of full-time permanent federal employees grew by 23,000. Jimmy Carter *reduced* the federal roster by 38,000. It's not necessarily what you do, but how you say it that seems to count.

—MARK EDWARD CRANE

FIVE MINUTE PHOBIA CURE

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Phobias and fears can control your life. How many actions in your life have you taken, or failed to take, because of overwhelming fear . . . fear so powerful you might even be embarrassed to tell anyone about it?

Or maybe you've learned to "work around" your phobias. Therefore, you may not be aware of the extent to which they affect you.

According to the most comprehensive survey of mental illness ever done, the experts indicate nearly one in five people have serious psychological problems at some point. Phobias are the number one mental health problem in this country today. However, overcoming a phobia has always been the toughest of all disorders to treat according to Dr. Darrel A. Regier, who headed the survey for the National Institute of Mental Health.

You may sometimes overdrink or take unnecessary drugs as a way to cover up your phobias and fears. New research is finding that many psychological and physical problems are really related to phobias. For example, you may find yourself making excuses not to go to social events, conferences and other activities. This can rob you of fun and pleasure, and in many instances, can be traced to phobias.

Phobias are irrational fears. If you are possessed by irrational fears you fight a daily battle for survival. Such chronic fear can ruin your career, destroy your human relationships, and deny you any real happiness or zest for living.

Traditional phobia treatments are long and painful. You must undergo and (perhaps you already have) endure months and even years of expensive and unpleasant treatment. Because of the suffering involved, if you are like most people using traditional methods, you might try them for a brief period of time and give up in frustration.

Phobias, so severe they control your life, can take many forms. These excessive fears include phobic reactions to: • public speaking, • heights, • tunnels, • elevators, • flying, • moving, • impotence, • animals, • telephone, • crowds, • darkness, • disease, • ghosts, • insects, • open places. There are presently 178 known phobias. And new ones are being identified all the time.

Dr. Roger Callahan, a psychologist in Marina Del Rey, California, has always had a strong sympathy for phobic people. He, himself, was a phobic child controlled by useless fears that kept him from enjoying life. His first eleven years were spent in foster homes, suffering in silence. He was frightened of moving and had to move often. He feared heights. When he reached college he was paralyzed when asked to speak before his class. He dreaded entering any tunnel, no matter how short. He feared new places.

He took up psychology, largely because of his interest in phobias. Even the topic of his doctorial dissertation was on children's phobias and fears.

When he began private practice as a psychologist, many patients sought help in overcoming phobias. He did the best he could to treat these patients using the known techniques available at that time. Those techniques only helped diminish phobias, not cure them.

Dr. Callahan's search led to the cure described in his new book, the *Five Minute Phobia Cure*. The book is truly a milestone in phobia treatment. It shows exactly how Dr. Callahan, in 85% of all cases, has been able to affect almost instantaneous, painless and natural cures.

Yes, the great news is that you don't have to live with your phobia any more. You don't have to suffer the rest of your life in silence. This incredible new cure takes only a few minutes and is totally painless! And its cost is but a pittance.

And, it certainly appears the cure is lasting. Years have passed since he treated his first patient. Over 1000 phobia cases have been treated. Those he still is in contact with show no recurrence of their phobias.

Here are a few comments from people who have experienced Dr. Callahan's *Five Minute Phobia Cure* as well as doctors using the technique:

"Having utilized Dr. Callahan's treatment with my own therapy clients, I am overwhelmingly impressed by its speed and effectiveness — far surpassing any phobia treatment of which I have knowledge."

Nathaniel Branden, Ph.D.
Beverly Hills, California

Heights

"Without having the vaguest idea of how it works, or why, after five minutes with Roger and his phobia cure my life long fear of heights simply vanished. That very afternoon I was standing on a friend's fourth floor balcony — on the outside of the railing!"

Karl Hess
Kearneysville, W.VA

"Treated many patients who have had phobias and have been gratified repeatedly by the results.

We have all been taught that anything that seems too good to be true probably isn't. Dr. Callahan's *Five Minute Phobia Cure* is the exception that proves the rule."

Harvey M. Ross, M.D.
Author of Fighting Depression and Hypoglycemia.
Los Angeles, CA

Flying

"Flew home . . . took 10 hours . . . no longer feel nervous about flying."

Vickie Blair
Perthshire, Scotland

Elevator

"Tested results on elevator — felt none of the usual anxiety and suffocating feeling I usually feel."

Linda Hall
Long Beach, CA

Public Speaking

"Was terrified at prospect of speaking before the prominent executives at work. After treatment was able to address thirty of our senior management executives without fear or anxiety."

Vaughn E. Kraft
Anaheim, CA

Spiders

"Had severe fear of spiders since childhood. After the treatment I could even play with toy spiders."

Deborah George
Southfield, MI

Dirt and Contamination

"My patient had severe phobic response to dust and contamination for 35 years. Engaged in compulsive hand washing, clothing, surroundings, 10-12 hours a day. Your Five Minute Treatment cured her. Thank you."

Joyce Shulman, Ph.D.
Beverly Hills, CA

The book shows you the step-by-step procedures involved in the cure. It is completely illustrated so you, or a friend or loved one, can quickly and easily benefit from the *Five Minute Phobia Cure*. You can do it yourself or a friend or mate can do it for you, or you for them. The *Five Minute Phobia Cure* is also safe and painless. And no expensive or possibly dangerous drugs of any kind are necessary. The treatment consists basically of a self treatment and the use of gentle pressure. You do not even have to "believe" in it for it to work!

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TRENDS

LOW TAXES BOOST ECONOMIC GROWTH NEARLY SEVENFOLD

Countries with lower taxes experienced greater economic growth and more rapidly rising standards of living during the 1970s than did countries with higher taxes. That's the upshot of research done by the World Bank. In a recent *Wall Street Journal* article, World Bank operations adviser Keith Marsden reported some findings from this research, concluding "that lower taxes are compatible with a pattern of development that raises output and reduces poverty significantly."

Marsden and his World Bank colleagues reviewed data from the 1970s for 20 countries. Half had central-government tax revenues that, as a percentage of gross domestic product, were lower than the average for their income groups; the other half had higher-than-average tax-GDP ratios. After sorting the countries into 10 pairs with similar per capita incomes and contrasting tax ratios, Marsden and company compared the countries' economic and social indicators.

"In all cases," Marsden reported, "the countries that imposed a lower effective average tax burden on their populations grew faster over the decade than did their more highly taxed counterparts. The average annual rate of GDP growth was 7.3% in the low-tax group and 1.1% in the high-tax group."

Moreover, Marsden noted, the low-tax countries enjoyed substantial increases in real living standards, "shown by their higher levels of private consumption." And increases in life expectancy were also greatest in the low-tax countries.

"The data also seem to refute the argument that income distribution is less equitable in low-tax countries," Marsden reported. In fact, "the share of the poorest 40% of households in total income reached 19.1% in Thailand, 16.9% in South Korea and 21% in Japan, for example, comparing favorably with their high-tax counterparts."

Marsden and his associates found many telling statistical correlations between tax levels and economic performance: For example, they associated a decline of 0.66 percent in investment growth with a percentage-point increase in the total tax ratio, and a 0.28 percent decline in the rate of productivity growth with a one-percent increase in the tax ratio. If the private sector's share of credit dropped by 10 percent, it meant a 0.41 percent drop in the GDP growth rate, Marsden reported, and, with the exception of Japan, "government deficits were smaller in low-tax countries than in their high-tax counterparts.

"The findings do not imply that tax cuts can serve as a quick fix for a sick economy," Marsden wrote, but the conclusion is clear: "Income left in private hands and savings channeled to the private sector through financial intermediaries tend to be used more productively than taxes and credit transferred to governments." Developed, as well as developing, countries could learn from this lesson.

MART FOR ART'S SAKE

New York and London are two of the world's great cultural centers. Their museums and opera houses operate in "roughly comparable environments," according to the British magazine the *Economist*, with similar attendance figures and government subsidies. Yet while the major art museums and operas in New York are prospering, their London counterparts are barely treading water financially. Why?

There's a good reason, according to a recent *Economist* survey—their different modes and sources of funding. In America, donors to the arts enjoy substantial tax benefits when they give. Should they need a reminder, the *Economist* notes that the Metropolitan Museum in New York posts a sign over its admissions desk: "Your contribution is deductible for tax purposes."

Can art survive by depending on the kindness of strangers? Not only can it survive—it's prospering here. The Metropolitan Museum of Art in New York is an example. In 1983 alone, it put on a dazzling exhibit of the Vatican treasures—and generated $2.2 million in admission fees and a $3-million grant from Philip Morris in the process. It has added spacious new galleries overlooking Central Park.

Its artistic, popular, and financial successes have been won in tandem. As of a couple years ago, it boasted 100,000 memberships ranging from $45 annually for individual members up to $2,500 a year and beyond from patrons—all of which brought in $5.3 million. It's even branched out into entrepreneurial activities. It earned another $3 million worth of profits in 1983 from its vast retail and catering activities (including a shop in Macy's).

With individual variations, this is the same story with the Museum of Modern Art, which just completed a new extension, and New York's two opera companies. Americans take this for granted, but the *Economist* noted the result. "A visitor to the great arts institutions of America is struck by two things: their apparent wealth and their flair for public communication."

The situation in Britain is very different. The tax system there has no comparable tax relief for donors to the arts, except for some carefully limited forms of corporate sponsorship. The *Economist* says that the British government frowns on large-scale tax relief. It "would mean a substantial fall in the sums within the government's direct control," as the treasury put it—yet arts institutions there are already a drain on the treasury, since the British government (and local governments) continue to fund the arts. The *Economist* suggests that the British government actually abhors the idea of private funding for the arts because it would "detract from one of the few pleasures in the treasury's life: playing Medici to the British arts lobby."

Consequently, British arts institutions suffer in comparison with their American counterparts. Government subsidies are similar, but private giving is certainly not. In 1982, British government subsidies to the arts came to about $580 million, while private contributions were only about $25 million. This is in stark contrast to the United States, where government subsidies to the arts came to $700 million in 1983, but private contributions were estimated at *$4 billion*.

In a sense, British arts institutions are treated like welfare recipients: they're given a meager allowance to get by, but they learn that they should avoid visible prosperity or else their dole will be slashed. It's a debilitating system, but they fight tenaciously to keep the system intact and seem frightened by the idea of an American-like reliance on the private

sector. "To those responsible for Britain's arts institutions, a skinny bird in the hand is better than two, however fat, in the bush," as the *Economist* put it.

It is the visitors to the museums and the audiences at the operas who witness the results of the skinny bird. For example, the *Economist* describes the National Museum in London as "crowded with tourists many of whom seem bemused at the visible conflict between free admission and lack of exhibition space." It pointedly added, "The contrast with the Metropolitan could hardly be greater."

The magazine suggested that the American experience provides a valuable lesson. "Individual giving is not an insecure revenue base," it said. "In America, it is proving more secure than any other." It is a lesson that British arts administrators could well take to heart the next time they file into parliamentary committee hearings begging to keep their subsidies flowing.

SURPRISES ON THE ECONOMIC LADDER

One of the old canards of socialist literature is that under capitalism, people are virtually stuck in the economic class they're born into. That was dogma for C. Wright Mills and William Domhoff in their power-elite theories, Michael Harrington in his much-vaunted investigation of American poverty 25 years ago, and scores of lesser-known leftists. But is class structure really as rigid as they say? Do the rich always stay rich and the poor stay poor?

Not according to the University of Michigan's Panel on Income Dynamics. To find out just how much people move up and down the ladder, the study has since 1968 kept tabs on the economic lives of a sample of more than 5,000 families that demographically reflects the general population. The study's findings were discussed in a recent article by Mark Lilla in the *Public Interest* and in a book by Greg J. Duncan, *Years of Poverty, Years of Plenty*.

Some of the most interesting discoveries have to do with poverty. The study found that large numbers of people sink beneath the official "poverty line" at some point—but the number of people who *stay* poor is surprisingly small. For example, looking at the 10-year period 1969-1978, the study learned that 6.8 percent were poor in 1978 but only 0.7 percent were poor for the entire 10-year period. And it noted also that "only a little over one-half of the individuals living in poverty in one year are found to be

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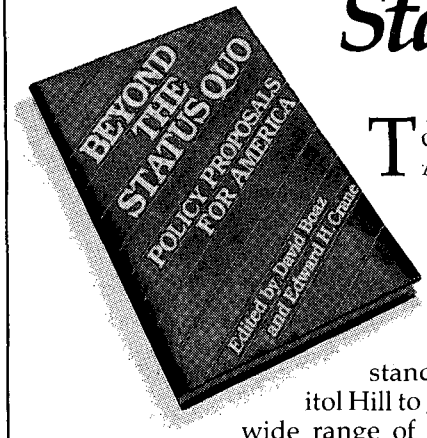

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poor in the next, and considerably less than one-half of those who experience poverty remain persistently poor."

So much for the myth of a large underclass of permanently poor people in the United States. Rather, as Lilla put it in the *Public Interest*, most people who sink into poverty don't let their lives disintegrate. Their families stay together, and before long they're back at jobs with adequate wages.

And how about the rich? The study found that of the people who were in the wealthiest fifth of the population in 1971, only *48.5 percent* were still there in 1978. A majority in the top bracket had slipped to a lower status within that seven-year period (it didn't even take a generation). This hardly supports the leftist imagery of capitalism fostering a "ruling class" that protects its status and keep out most would-be aspirants to wealth.

The *Wall Street Journal* has called the study's findings "explosive" and urged that it "ought to be required popular reading." This is true partly because leftists continue to dredge up statistics on income distribution, declaiming about how much the rich have and how little the poor have and how the gap between the richest and poorest remains fairly constant over time. In a limited sense, their statistics are accurate—but as Lilla concluded, income distribution "tells much, much less than one would think about the economic condition of the American people....It is a real distortion that causes us to miss the truly dynamic character of open economies, and can

GLOBAL TRENDS

ECONOMIC DEMOCRACY, BRAZILIAN STYLE

SAO PAULO, BRAZIL—"The enemy: government control." "The goal: freedom to work." These were a couple of headlines in a series published by *Jornal da Tarde*, one of Sao Paulo's main newspapers, on a week-long national conference late last year on "The Underground Economy, the Small Firm, and the Freedom to Work." Sponsored by the newspaper, a national TV network, and several business associations, the conference had participants ranging from tax collectors to business executives to legal scholars. They all shared one major concern: it says something when a growing number of people are joining Brazil's underground economy, either because they cannot find work or business opportunities in the official economy or because they wish to evade the bureaucratic dragnet or the heavy tax burden.

Under discussion at the conference were the ideals of individual liberty and economic freedom, which were strongly defended by some small-business owners, politicians, and lawyers. Even the socialist economists present grudgingly acknowledged these ideals to be essential for democracy and greater economic equality. There was a strong consensus that the current process of political democratization in Brazil cannot be successful unless it is accompanied by freedom in the economic sphere ("economic democracy," as it was called) and some fiscal relief. Indeed, the tax collectors at the conference admitted that the raising of taxes in 1983 not only failed to increase revenue but actually reduced it and that a lowering of tax rates might spur economic development.

The participants also discussed the pro-free-market Small Business Act that passed the congress soon after. The act provides for the lowering of taxes on small businesses and, for small entrepreneurs, the lifting of market-entry requirements and regulations. It is hoped that the new law will encourage those now operating underground to establish legal enterprises and, in the words of one speaker, "assume their rights to full citizenship."

The conference has not produced any concrete results so far, but it does seem to indicate a trend: the defense of economic freedom is slowly becoming acceptable in Brazil. And even though statism continues to advance in practice, it is definitely under attack. After years of political and economic authoritarianism, Brazil may have better days ahead.

—JOSE ITALO STELLE

ENTREPRENEURS WINGING IT

EUROPE—Entrepreneurship is coming to Europe's airline industry, traditionally a cartel-like structure in which national governments, through bilateral agreements, deal out routes to the large, mostly state-owned, carriers. Predictably, not only has that arrangement led to high fares, but it has also choked service, especially on short-haul routes connecting smaller, nonhub cities.

Recognizing a gap in airline service, several commuter and regional carriers have now popped up throughout Europe—quite without government planning—to serve those neglected routes. Crossair, a Swiss regional airline, operates a fleet of small turboprops on routes traveling Zurich, Geneva, Basel, Brussels, Paris, and Strasbourg (France). *Fortune* magazine recently reported that in Germany, NFD airline, which started as a small air taxi service, now operates scheduled flights between five European cities. And in Britain, following (the soon-to-be-denationalized) British Airways' service cuts to Birmingham, Birmingham Executive started operating various flights.

The large, national airlines failed to provide service on short-haul routes largely because of their inability to compete with cut-rate carriers on heavily traveled transatlantic routes: as *Fortune* noted, the national carriers tried to make up for profits lost on the transatlantic flights by raising fares on flights within Europe, but the higher fares reduced demand for air travel. The airlines started losing money on some of their less-traveled routes, so they cut back or eliminated service—and in jumped the entrepreneurial commuter and regional operators.

Part of the national carriers' problem, too, was their almost exclusive use of jet planes, which are unprofitable on many short-haul routes. A

(Continued on page 18)

muddle our thinking about poverty, equality, and economic justice."

BYE-BYE, BLUES

There are many parts of the country where people have never even heard of "blue laws." Those people are lucky. These laws, where they exist, are supposed to protect the morals of the citizenry by forbidding them to do certain buying or selling on Sunday. Many of these silly regulations have been amazingly durable—some even date back to the 1700s and 1800s. But the *Los Angeles Times* reported recently that some of them are quickly eroding.

The Texas blue law is an example. According to the *Times*, the 121-year-old statute has been construed so that Texans may buy paper plates, bicycles, and blank cassettes on Sunday, but not refrigerators, watches, or Cabbage Patch dolls. The *Times* failed to mention any empirical evidence that Texans are more virtuous as a result.

Now the Texan ordinance is under fire on both legal and economic fronts. Three lower courts have already found the law to be unconstitutional, leaving it temporarily in limbo, and there is a move afoot in the state legislature to repeal the blue law this year. Related to this, and perhaps more important, is the growing economic incentive to bypass the blue law.

"The pressure to keep stores open seven days a week is growing," the *Times* noted, "brought on in large part by a changing family scene in which both the husband and wife have jobs." Some large Texan department stores and car dealers are passionately resisting Sunday openings, but other businesses more sensitive to customers' needs are opting for change, blue law or no. Hundreds of Houston-area stores are violating the law by staying open all weekend, and at least one major department store chain, Joske's, publicly supports blue-law repeal.

Blue laws are under siege elsewhere, including in parts of the Deep South. In November, a subcommittee of the Mississippi legislature recommended repeal of the Sunday closing law there. It was enacted when John Quincy Adams was president. The Wilmington, North Carolina, city council did away with its Sunday-closing ordinance. And Birmingham, Alabama, merchants are refusing to abide by their closing law and are reportedly recognizing their move as an act of civil disobedience.

Many fundamentalist Christians would be quite happy to keep the blue laws in-

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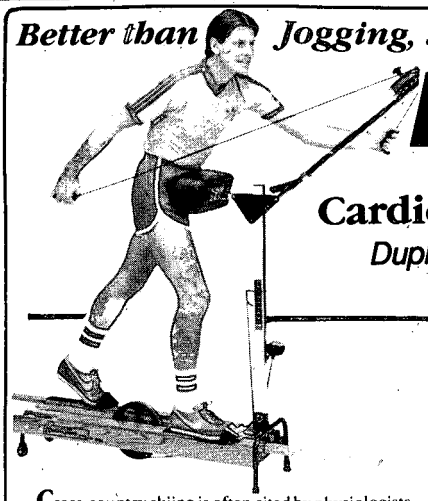

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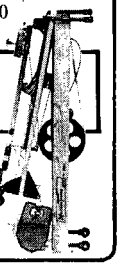

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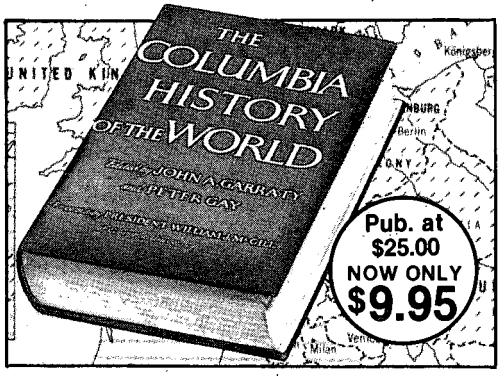

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tact. "Mississippi may be last in the nation in many things," the Rev. Gerald Harris of Jackson correctly observed to the *New York Times*. "But if we are the last in the nation to keep Sunday closing laws, I think that ought to be a matter of pride."

But it appears unlikely that the encumbrances of 18th-century moralists will prevail. As the *Times* concluded, "The days of the blue laws appear to be numbered."

WORKING ON THE WAGE GAP

You wouldn't know it from reading most newspapers, news magazines or women's magazines, but one of the great success stories of the 1980s is a narrowing of the gap between men's and women's average wages, and why it's happening. That narrowing and its explanation are the subject of a recent report, "Women's Wages and Work in the Twentieth Century," written by James Smith and Michael Ward, two economists with the well-regarded Rand Corporation.

It is common knowledge that women's average wages are still considerably less than men's. People who find this gap offensive wear "59 cents" pins, to protest a widely cited figure: that the average female worker earns only 59 cents for every dollar that the average male worker earns. But Smith and Ward found that the 59-cents figure is no longer current, and some very interesting things have happened since it was. Women's average earnings actually jumped from 60 percent of men's in 1980 to 64 percent in 1983, the "largest and swiftest" gain in the 20th century. Moreover, the economists project conservatively that by the year 2000, the figure should rise to 74 percent.

Already, the generation just entering the job market has seen dramatic progress. In 1980, women 20-24 years old were earning 78 percent as much as their male counterparts. By 1983, that figure had risen to 86 percent.

Smith and Ward's report also sheds illuminating evidence on why the advance has occurred. Is it civil-rights laws and the agencies charged with enforcing them? That "explanation can be easily dismissed," according to the report. The researchers pointed out that both the legislation and the agencies date from

GLOBAL TRENDS

(Continued from page 16)

1981 Common Market study found that of 100 routes among Common Market cities, 92 could turn a profit "if they were served by turboprops instead of jets." The commuter and regional operators discovered the economic logic that had eluded the big airlines.

The new short-run carriers are still shackled by many national and Common Market regulations that favor the large carriers (and protect the national governments' railroad businesses). But some deregulation is on the way.

Britain seems to be in the forefront of the trend. Last summer, it hammered out an agreement with the Netherlands that substantially deregulates air traffic between the two nations. By year's end, it concluded a similar agreement with West Germany and was discussing deregulation pacts with Belgium, Italy, and the Scandinavian nations. When *Aviation Week* reported the British-German agreement in December, it noted that new London-Munich economy fares could drop 30 percent below prevailing business-class fares.

"The signs are that our first domino to fall in Europe [the Dutch agreement] is toppling the others as well," British secretary of state for transport Nicholas Ridley told *Aviation Week*. "Our voice for competition is being heard elsewhere in Europe...."

Already, Common Market officials have issued several directives aimed at reducing cross-subsidization within the airline industry and at making it easier to get licenses for service on nonmajor routes.

There's still a long way to go. The dinosaur-like state airlines are still living off the fat of the taxpayer, and there are still many routes in Europe where heavy regulation makes entrepreneurial airlines untenable. But Ridley may be prescient. The dominos may be toppling, and consumers will benefit as a result.

HOW THE DUTCH TREAT DRUGS

AMSTERDAM—What happens when a nation ends its prohibition of marijuana? In 1978 the Dutch government declared that pot is "relatively innocuous" and decriminalized its use. The result: "Fewer young people smoke pot in the Netherlands than in several countries that impose criminal penalties for the activity," the *Wall Street Journal* recently reported. Though pot has been sold freely throughout the country since decriminalization in 1978, the *Journal* noted, "marijuana has ceased to be a big issue in the Netherlands." Furthermore, according to Dutch officials, no health or criminal problems have resulted from the new pot freedom.

Following its liberalized pot policy, the Dutch government relaxed its heroin policy as well, concentrating on caring for addicts rather than penalizing them. The new policy arose out of several assumptions about heroin use, including the recognition that no matter how vigilant the authorities in trying to prevent heroin importation into the country, some would still get in and some people would still use it. Whatever may be the cause-and-effect relationship between the liberalized policy and heroin use in the Netherlands, it is at least interesting to note that the country has one-third fewer heroin addicts relative to its population than does the United States.

Local authorities in Amsterdam, where heroin use appears to be on the rise, are pushing for even more-radical reforms in the city's heroin policy and are seeking permission from the national government to dispense heroin to addicts on an experimental basis. Addict-related crime, the authorities believe, is increasing, and they suggest that freely dispensed heroin may obviate addicts' need to support their habits by stealing.

The Dutch government remains resistant to Amsterdam's request to further liberalize its heroin policy. But if the city goes ahead with the experiment, the results should be well worth watching: they may provide some indication of what could occur if authorities lifted the heroin ban altogether and allowed individuals to freely buy and sell the substance.

the mid-1960s, and "while lags in the power of these enforcement agencies is likely, it strains credulity to suppose that these effects would be felt after 1980, especially in a period of budgetary retrenchment by the enforcement agencies."

They find plausible a very different explanation for the progress. Women's wages are increasing because their *job skills*—their education and job experience—have been increasing dramatically. Among women entering the job market, the percentage of college-educated women has been rising steadily, and the average length of women's labor-market experience generally has been increasing as well. The relation between these factors and earnings levels is well documented.

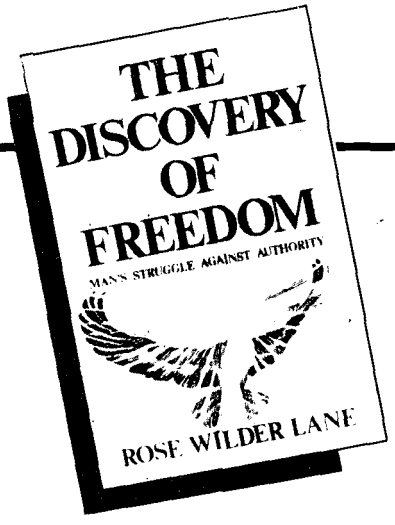
The Rand report also looked into what influences women to enter the job market. The biggest factor, they found, is more money—when women's wages are relatively high, more women work. "Holding family size constant," the report concluded, "a one percent increase in women's wages will increase their labor supply by one-third of one percent." Other factors such as age, race, and marital status had relatively little effect on the long-term increase of women in the work force. That women are drawn into the labor force in increasing numbers by steadily increasing wages is not surprising if you consider the normal workings of supply and demand. But it is particularly ironic in the light of persistent complaints that the market discriminates against women by paying them too little.

Although the Rand report didn't presume to outline a political agenda for feminism, it does provide useful data for feminists to ponder. There are civil-rights laws, the affirmative-action proposals, and comparable-worth rulings; but when all is said and done, what is giving women more opportunity is the subtle working of the marketplace.

REDISCOVERING LIBERTY?

Traditional American liberalism, now at a transitional stage following Walter Mondale's shattering presidential defeat, appears to be discovering a new style—one in which the free market and less government figure more prominently. Nowhere is there greater—and more surprising—evidence of this than in the editorial "Bad Ideas and Good" appearing in the December 3, 1984, issue of the *New Republic*, a major voice of liberal thought for 70 years.

Among the ideas the magazine's editors suggested expunging from the liberal litany: domestic-content legislation applying to the manufacture of cars ("the very negation of international trade," they called the idea—"a sure-fire recipe for economic decline"); comparable-worth legislation ("a superficially appealing idea that would create nightmares of regulation and litigation, and put the government in the business of deciding what every job in America is 'worth' "); the nuclear freeze ("a silly gimmick" and "false banner"); election-campaign reform ("except for the tough disclosure rules. . . the reforms should be scrapped"); quotas regarding minorities ("government-enforced reverse discrimination"); and bilingual education ("*¡Ya basta!*").



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Though the *New Republic* endorsed some ideas that are likely to be equally regretted in the years to come—such as providing "free" television time for political candidates and creating a "United Nations of the democracies"—the magazine went so far as to agree that the Japanese should pay for their own defense and that "the same policy should apply to Europe." And in proposing tax reform, the editors included "lower tax rates" among the desirable goals of reform.

In what may prove to be a significant congruence of trends, American liberals are acknowledging the failure of New Deal–style government just when the nation's mature and maturing baby-boomers are increasingly asserting their individualist inclinations. As noted in REASON's January editorial ("A Party for Baby-Boomers"), recent polls and the voting record in last November's election suggest that those 75 million Americans born between 1946 and 1964—and who now constitute one-third of the nation's population—tend to resist government interference in both economic and moral matters.

Indeed, as political scientists William Maddox and Stuart Lilie contend in their recent book *Beyond Liberal and Conservative*, the long-standing liberal-conservative dichotomy no longer represents an accurate categorization of Americans' political attitudes. As REASON noted in Trends back in March 1981, Maddox and Lilie have found that the conventional labels "liberal" (favoring economic intervention but moral nonintervention) and "conservative" (economic nonintervention but moral intervention) do not capture the shifting political scene. To these labels they add "populist" and "libertarian": populists favor both varieties of intervention; libertarians, neither.

In commenting on this reclassification of political groups, analyst Kevin Phillips noted recently in the *Wall Street Journal* that those affluent, upwardly mobile members of the baby-boomer population—commonly referred to as "Yuppies"—exhibit a "preference for relatively minimal government intervention in economics and morality." And, Phillips observed, that group appears to be growing (along, alas, with the "populist" voting stream).

How these metamorphoses of demography and philosophy will affect the nation's political scene is still a matter of speculation. But for the liberty-minded among us, there even may be cause to cheer.

GETTING OFF OF WELFARE

Imagine: In a major effort to eradicate poverty, the federal government has suspended its welfare programs, substituting social-service aid with simple vouchers for only basic necessities. The results have been miraculous, among them: Fewer single women have had babies, and fewer fathers have abandoned their families. In former "welfare neighborhoods," unemployment among teens and young adults has declined. A majority of former "welfare mothers" are now working, whereas only 25 percent did before welfare was suspended. Nongovernmental social-welfare agencies have undergone a regeneration.

The above scenario, of course, is hypothetical—it comes from an article in the October 1984 issue of the *Futurist*, "How Welfare Reform Finally Happened," in which sociologists Ralph Segalman and Alfred Himelson explain how government welfare, originally intended as only a temporary relief measure, had locked many poor into permanent poverty and dependence. The article is written from the vantage point of the future—a future in which government welfare programs had been eliminated. For the most part, the authors predict, individuals and families would learn to cope admirably without welfare, and private institutions would flourish anew to help the needy.

In their imagined scenario, Segalman and Himelson report, removing the incentive to depend on government aid radically altered people's behavior, encouraging them to seek self-sufficiency. Among the former chronically unemployed members of the "street corner" society, for example, "having a job, even a menial and low-paying one, once again became an important status symbol." And because low-level workers and trainees came to view their jobs as a place "to establish an employment record and to prove oneself," Segalman and Himelson write, "their attitude and commitment to learning dramatically improved." And as employers learned they could benefit from this new-found commitment, they initiated even more trainee programs and low-level entry jobs.

Departing from the big-government and planning mentality that often characterizes the *Futurist*'s brand of reform, Segalman and Himelson instead display a more-radical, antibureaucratic way of thinking about poverty, one that appears to be spreading. Social researcher Charles Murray, in REASON's December issue ("Saving the Poor from Welfare") and in his book *Losing Ground*, proposed abolishing federal welfare for the working-aged poor as a reform that would go a long way toward eliminating poverty. Murray has caught the attention of the major and lesser media. Social observers from all quarters, it seems, are beginning to take seriously Murray's indictment—shared by Segalman and Himelson—of the Great Society assumption that massive welfare programs can cure poverty.

Although major welfare reform at the federal level cannot be expected any time soon, significant change may come about in other ways. One possibility is that private welfare agencies now dependent on federal funds change their minds about taking this money and find a new dynamism in true independence from the state. In New York City, for example, Roman Catholic Archbishop John O'Connor recently announced that his archdiocese has been examining ways of operating its social programs without government money. If the church is bound to a city order preventing recipients of city funds from refusing to hire homosexuals, O'Connor said, then the church will reject both city and matching state and federal funds and will operate the programs without government money.

The archdiocese is contesting the order in court, and the church obviously would like somehow to retain the government money. But if the archdiocese loses and continues the programs without government aid, it would be a small breach in the state-dominated welfare system. So far, O'Connor's move is bringing out into the open one of the many strings inevitably attached to government assistance. And recognition of those strings could do much to spark a move toward private instead of public aid for the hapless.

BEEFING UP BROADCAST FREEDOM

Government controls over the broadcast and communications industries continue to shrink, with several significant developments worth noting.

The Federal Communictions Commission (FCC)—which is at center stage in the move toward freer telecommunications—recently modified a 31-year-old rule that limited the holdings of broadcast-facility

owners to seven AM radio stations, seven FM stations, and seven TV stations. Now holders are limited to 12 of each type of broadcast station (although TV owners may have up to 12 stations only if the stations together reach no more than one-quarter of the nation's viewers).

Another major FCC deregulatory move recently won the backing of a US Court of Appeals. The court affirmed an FCC ruling that prohibits state and local governments from regulating TV programming that is distributed by satellite to private dwellings. The court decision primarily benefits operators of satellite master-antenna television systems. In an SMATV system, an antenna positioned on private property—say an apartment rooftop—receives a satellite signal and relays it via cable lines to subscribers (apartment tenants, for instance).

Though SMATV users number only 800,000 or so to cable's 37 million subscribers, the cable industry is upset by the ruling. Cable operators, of course, are subject to state and local regulation, which they increasingly view as an obstacle to their ability to compete with emerging alternatives to cable, such as SMATV.

Bit by bit, however, cable operators will get some of the freedom they're asking for, largely from the Cable Communications Policy Act of 1984, which requires the FCC to set guidelines for exempting cable systems from state and local regulation. The FCC recently drafted such guidelines: in areas where there are at least four over-the-air TV signals including those of the three major networks, the agency proposed, there would be enough competition to exempt a cable operator from regulation. That condition covers much of the nation.

In another proposal, the FCC has suggested allocating unused portions of the radio spectrum reserved for mobile communications by lottery rather than by government fiat. Under the proposal, the agency would, divide up the reserved spectrum space into 35 parcels and grant licenses to the parcels via a lottery, with the licenses being freely transferable.

Commenting favorably on the proposal, a recent *New York Times* editorial noted that under such a system, if one venture "flunked the market test, the license could be quickly transferred to another user." Though the plan falls far short of the ideal policy of simply allowing citizens to establish rights to spectrum space by "homesteading" frequencies, it would, as the *Times* noted, "eliminate the need for hundreds of hours of hearings."

On another front—the setting of technical standards for broadcast technologies—the FCC is also aggressively pursuing a deregulatory course. The commission recently announced its intention to eliminate or significantly relax as many government-imposed standards as possible, leaving the job of standards-setting to the marketplace. Reporting on the development, *Electronics Week* magazine noted that "the FCC has been steaming ahead with technical deregulation for years," leaving communications-equipment makers "neither surprised nor alarmed to learn of the new doctrine."

According to RCA Consumer Electronics executive W. Thomas Collins, the magazine reported, "the deletion of standards will not cause broadcasters or manufacturers to change their habits, because any perceivable deterioration in quality and performance would show up in profit margins." And Michael Marcus, head of the FCC's Technical Analysis Division, made a similar point: "Consumers voting with their channel selectors," Marcus said, "is a lot more effective and efficient than anything the

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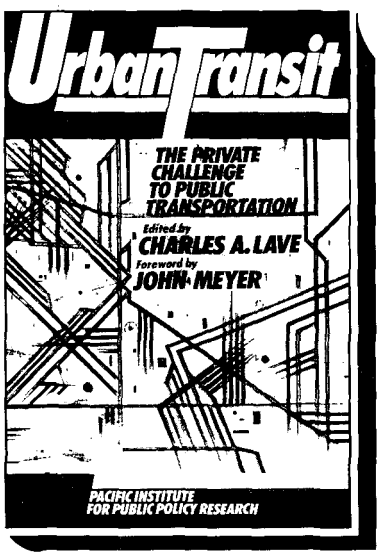

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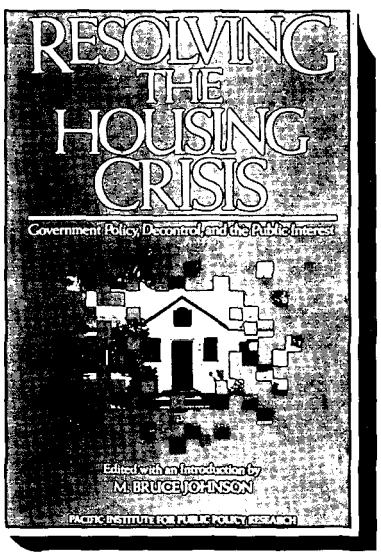
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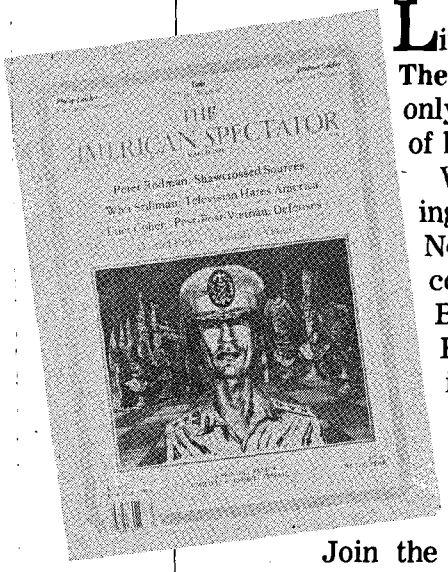

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government could ever do."

Not all within the electronics industry are as sanguine as Collins and Marcus about the FCC's decision to get out of the standards-setting business. In an editorial on the subject, *Electronics Week* exhorted the industry "to behave wisely and maturely and see to it that the early predictions of disaster turn out to be wrong." Our bet is that the industry—disciplined by consumers—will sure enough come through.

MILESTONES

• *Entrepreneurial bureaucrat.* Two years after the Orange County (Cal.) Office of Consumer Affairs was closed, its former chief, Augie Molina, started his own privately run consumer affairs service. He charges $45 per call, and business is reportedly booming. The moral: where there's a need, the market is sure to serve.

• *Insurance is golden.* Last November, the Industry Council for Tangible Assets, a coin-industry trade association, announced that it would sell insurance to protect customers of bullion against dealers' insolvency. The moral: ditto.

• *Immoral laws.* A New York City police official has admitted to the *New York Times* that the police there don't investigate "call-girl rings" unless the authorities receive a serious complaint or suspect organized-crime involvement. Also, a New York Supreme Court justice has written in an opinion that while *public* solicitation for prostitution may be illegal, "there may be a protection for the same type of act under private conditions."

• *Flying high with contracting.* The Air Force is contracting with United Airlines Aircrew Training to train the crews of the USAF/Lockheed C-5. The Air Force had been providing the training, but it said it was contracting out primarily to save money.

• *Deregulatory writing on the wall.* In a poll of 102 state public-utility commissioners in 48 states and the District of Columbia, all but one conceded that utilities will increasingly be deregulated. Most regulators pointed to telecommunications as the primary target of deregulation in the years to come, but they also foresaw deregulation of electric, transportation, natural-gas, and water utilities.

—ROBERT W. POOLE, JR., PAUL GORDON, AND ERIC MARTI

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By Milton Copulos

It's Effective—But Is It Safe?

Sidney Wolfe's Health Research Group has taken on health issues from food coloring to cold remedies. But the diagnosis is often hasty and the prescription has serious side effects.

Who's one of the five most important figures in the pharmaceutical industry? According to an informal survey by *Drug Topics* magazine of key individuals familiar with drug marketing, professional practice, drug law, and regulation, physician Sidney M. Wolfe makes the list. But he's not a drug company executive. Nor a biochemist developing pathbreaking wonder drugs. Sidney Wolfe is a self-appointed—and very visible—advocate of consumers' interests in health-related matters.

During the past decade, Wolfe has appeared before Congress more than 40 times. That means approximately every three months he speaks out on Capitol Hill, presuming to represent the otherwise voiceless consumer in the political process. As the consumers' knight in shining armor, he has testified on, among other things, Darvon, generic drugs, medical devices, medical record confidentiality, cancer research, asbestos, drug patents, product liability laws, food additives, health insurance, and nuclear power emergency planning. If it's remotely related to health matters, Wolfe is usually there.

And Wolfe's influence spreads well beyond Capitol Hill. His comments are a ubiquitous presence in the pages of major newspapers and popular magazines. In a several-month span in 1984, he could be found quoted in the *Los Angeles Times* criticizing the Food and Drug Administration (FDA), in the *Wall Street Journal* scoring a major drug company, and in the *New York Times*, regularly, on everything from FDA regulations to birth defect home-testing kits to irradiation of food.

Over the past few years, articles by or about Wolfe have appeared in *Reader's Digest*, *US News and World Report*, *Harper's*, *Consumer Reports*, *Prevention*, *Science News*, *Aviation Week*, and *Industry Week*. He's been the subject of interviews in *USA Today* and *People* magazine. The nationally syndicated *Phil Donahue Show* even devoted two full hours of programming to interviewing Wolfe about the bestseller *Pills That Don't Work*, which he coauthored.

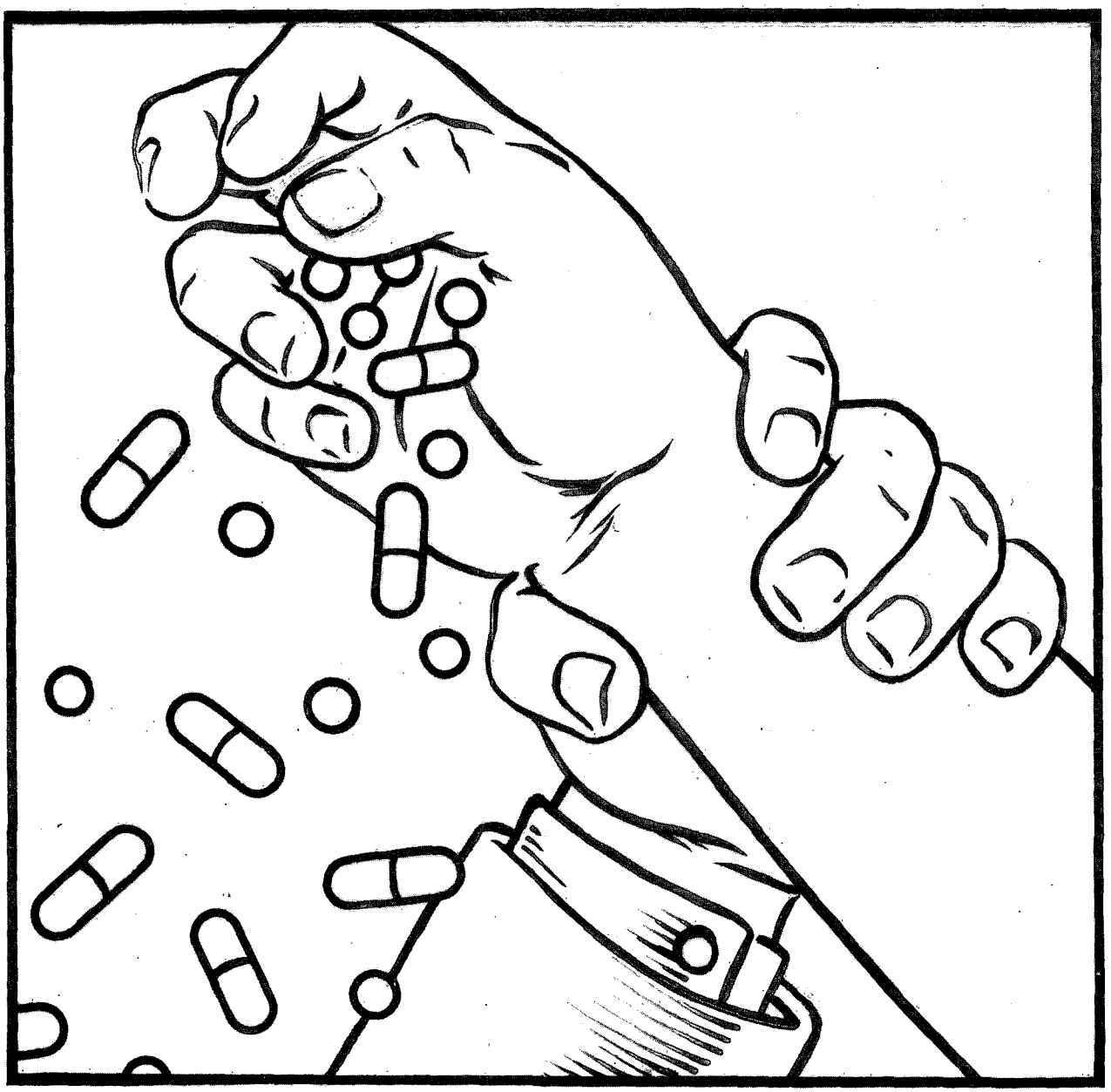
Clearly, Wolfe has exposure—and clout. In the 13 years since he left his career in medical research at the National Institutes of Health, he's led crusades, often successfully, against products as varied as a red food coloring, a drug for morning sickness, and one kind of smoke detector.

Wolfe's visibility has come as director of the Health Research Group (HRG), cofounded by Wolfe and Ralph Nader in 1971 and now part of the Nader-associated consumer advocacy group Public Citizen. Wolfe heads a staff of seven at HRG, including one other doctor, several lawyers, and staff associates. The group says its $260,000 annual budget comes primarily from small contributions from individuals. This could not be confirmed through the Foundation Center in Washington, D.C., where staff members were puzzled to find that the center has no data on Public Citizen or the HRG.

As director of the HRG, Wolfe has railed against the Food and Drug Administration and drug companies alike. He

Michael R. Peskin, M.D., served as medical consultant for this article. Peskin is a board-certified gastroenterologist who operates a private practice and is currently on the board of directors of Greater Laurel-Beltsville Hospital in Laurel, Maryland. He has done medical research at the Walter Reed Army Institute of Research and was chief of medical services of the US Army in Korea. He does a radio program on health-care issues on WLMD in Maryland and is working on a consumer health program for cable television.

Illustrations by Steve Miller



is a constant critic of doctors, who "charge too much." In fact, overcharging is a theme, along with high profits in the health-care industry, that he frequently returns to. Testifying before Congress, Wolfe has characterized the market system as "greedy." He has charged that profit concerns outweigh all others in the drug and food industries, even to the extent that corporations will lie to protect their products, however dangerous to the public they might be.

Unquestionably, Wolfe has succeeded in putting his views on health matters on the public agenda. The question is whether this is a boon for consumers.

With this in mind, I set out to examine Wolfe's and HRG's record—talking to doctors, scientists, journalists, government regulators, and Wolfe himself. I looked at scientific studies pertaining to a number of health crusades Wolfe has spearheaded and pored over his congressional testimony. What I compiled was a picture of a man who has had almost phenomenal success in getting media attention and in influencing health-care policy. But I also found ample evidence of less-than-thorough research.

Despite what seemed to me to be obvious flaws in Wolfe's record, I could find few individuals willing to openly criticize him. Time and again, critics asked to have their comments remain off the record or at least unattributed—even where the comments were favorable. So successfully has Wolfe managed to present himself as the consumer's benefactor that critics said they feared that to attack Wolfe publicly would undermine their own credibility as defenders of consumers' interests.

Wolfe does much to fuel that perception. He himself minces no words on his critics. Those, for example, who criticize his opposition to using irradiation in the preservation of food are quickly dismissed by Wolfe as blindly pro-nuclear. Those who recommend an easing of FDA regulations are characterized as nothing more than ventriloquists for Ronald Reagan. In conversations with me, critics also noted the HRG's ready use of lawsuits to further its ends and expressed fear of legal action if they challenge Wolfe.

Still, off-the-record at least, doubts about Wolfe and his work abound. A number of themes weave a common thread through this criticism. Among the most important of these are concerns that Wolfe is selective in his use of data, that he frequently overemphasizes the negative aspects of evidence, and that he

often exaggerates the dangers he alleges are present.

These critics also pointed out, however, that Wolfe normally comes well prepared to advocate his position and always has some documentation (however valid) to support it. The trouble is, as one former FDA official who had direct dealings with Wolfe told me, "Once he gets on a track, no amount of evidence to the contrary will convince him otherwise." When Wolfe believes, he apparently *believes*.

My own investigation showed other problems with Wolfe's work. For one thing, he is a man of contradictions. His arguments are frequently inconsistent. For example, he favors making potassium iodide available to the general population as part of an emergency preparedness program in the event of a nuclear power plant accident, despite the fact that potassium iodide can have serious side-effects for some individuals. Those individuals, says Wolfe, could be protected from harmful effects by including warning labels with the potassium iodide to indicate who might be at risk.

In the case of food dyes, on the other hand, Wolfe takes the opposite tack. Though the food coloring Yellow Dye No. 5, used in lemon soda, for example, may cause allergic reactions in less than 0.2 percent of the population, he urges a complete ban on it. Even a package label warning the easily identifiable group that might be allergic to the dye would not satisfy Wolfe in this instance.

Wolfe would probably respond that the two cases are different. In the case of a nuclear power plant accident, he would say that the benefits provided by potassium iodide against radiation are great (though experts disagree), therefore some risk taking is warranted. Yellow Dye No. 5, however, has no benefit at all, according to Wolfe. Indeed, in his typically rhetorical parlance, the "function of the dye . . . is to deceive or defraud the public." So no risk, not even to a tiny segment of the population, is warranted.

But this argument merely serves to highlight another problem with Wolfe's work. He seems entirely to forget that benefits have a subjective dimension. People may *like* yellow drinks. Or, in the case of saccharin, another food additive Wolfe wanted banned, they may prefer it over other sweeteners, whether or not it confers any biological benefit. In his testimony before Congress, Wolfe gives no inkling that he has ever contemplated such considerations. Perhaps his response in an interview in *USA Today* to the question, "Would you eat a hot dog?" best indicates the inconsistencies in his own logic. He answered: "As a treat. I still like the taste." Apparently, it's okay for him to choose to eat hot dogs high in salt and fat content, which may contribute to health problems. But it's not okay for others to choose to drink lemon soda with Yellow Dye No. 5, though they are not even allergic to the dye, because Sidney Wolfe doesn't think appearance is an important characteristic of food.

Equally indicative of the contradictory nature of Wolfe's positions are his pronouncements about desirable solutions to health-care problems. He repeatedly insists in his congressional testimony that he favors market solutions. Yet the Health Research Group's own literature proudly notes that it has supported government bans on numerous drugs and food additives; it has pushed for mandatory package inserts for a variety of products; and it has advocated all manner of regulations on the use of various chemicals.

Regarding health-care costs, despite his expressed enthusiasm for markets, he clearly urged in 1976 in testimony before Congress that the best way to ensure that people have access to adequate health care would be to enact "a truly comprehensive national health insurance program"—that is, government-provided health care, as in Great Britain.

Maybe Wolfe is simply ignorant of the ways that markets historically have responded to consumers' needs, even regarding health and safety concerns. Or perhaps he doesn't understand the difference between regulatory measures that involve coercion and solutions that arise from the voluntary interactions of individuals expressing their preferences in the marketplace. It didn't take a government regulation to get the makers of Tylenol to lead the industry in introducing tamper-proof packaging. Whatever the reasons for Wolfe's contradictory pronouncements, it is difficult to square his actions with a perspective that considers the marketplace a friend of the consumer.

Given the image of Wolfe painted by his critics and the contradictions in his own writings and testimony, I was particularly anxious to talk to Wolfe himself. How would he respond to his critics or explain his inconsistencies? After several weeks of phone calls, he finally agreed to an interview, which was conducted in his offices in Washington at the Health Research Group's headquarters.

Wolfe is a tall, slender man with an ingratiating manner who clearly is well versed in working with the media. Prior to our interview, he had asked for a copy of REASON, which he obviously read with care. Throughout our conversation, he went to some lengths to emphasize that the Health Research Group really is in favor of market solutions to problems. Wolfe had obviously done his homework.

I asked Wolfe the obvious question first: Why did he choose a career as an activist rather than going into private medical practice? He said that private practice had never been his goal when he entered medical school. Initially, he had intended to do "traditional medical research," believing he could "do more useful things in terms of larger numbers of people by doing research on issues having to do with health." But after five years at the National Institutes of Health performing the sort of traditional medical research he speaks of, Wolfe says he came to the growing realization that "there were a large number of scientific issues that had been researched, studied, and conclusions had been reached, and yet the obvious public policy implications had not been done. It just seemed that there was a huge vacuum there." Wolfe proceeded to move into it.

The specific incident that led to the initiation of Wolfe's crusade against the health-care establishment involved the recall of allegedly contaminated intravenous solutions. According to Wolfe, when evidence surfaced concerning the contamination of certain intravenous fluids, a deal was made between the manufacturer and the Food and Drug Administration whereby the fluids were not pulled off the market altogether. So incensed was Wolfe when he learned of this that he mounted a campaign, which was eventually successful, to demand that the fluids be removed from the market. Wolfe recollected that afterwards "a lot of people started writing and calling in, and so I started the group (Health Research Group) in November of 1971."

Over time, the callers have reportedly evolved into a network of informants within government, industry, and elsewhere who tip Wolfe off to problems in health-related areas. When asked how he sets priorities and decides which complaints merit attention, Wolfe recited a relatively straightforward set of four criteria. First, he determines how many people are affected by the alleged problem. Second, he attempts to assess how severe is the impact. Third, he looks at whether the evidence pointing to a problem is good. Finally, he attempts to determine whether there is any possibility or likelihood that by working on the issue a change can be made.

Wolfe's criteria sound reasonable enough, so it is important to see how well he adheres to them. Equally important, once he focuses on a particular issue, what kinds of policies does he pursue to bring about change? It is this that determines whether the consumer benefits from his efforts.

In the Summer 1984 issue of *Public Citizen*, a publication put out by the Ralph Nader umbrella organization that includes Wolfe's Health Research Group, an article appeared that challenged the FDA's proposal to permit the use of irradiation as a means of preserving food. In supporting its proposal, the FDA, according to the article, "stressed that treatment of food at the levels of radiation proposed would add no radioactivity to the foods, nor would it expose consumers to any radioactivity." Indeed, the FDA pointed out that irradiation might even replace controversial chemical fumigants such as ethylene dibromide (EDB), which some consider to be a cancer-causing agent. (This is the substance that created a furor last year when found in trace amounts in packaged muffin mixes and similar products.)

Support for irradiation was reiterated by the American Medical Association, which claimed that "food preservation and elimination of pesticide damage to food is vital to the maintenance of an adequate and wholesome food supply." In years of research, noted the AMA, "there has been no demonstrable adverse effect on health of food irradiation for food preservation and elimination of pests."

At least 28 countries have approved treatment of food by irradiation to extend shelf life and minimize spoilage. This approval came as a result of over 50 years of research into the use of irradiation to preserve food, including numerous studies to test its safety. Still, Wolfe is not convinced. The *Public Citizen* article quoted him as saying, "The FDA loses whatever scientific credibility it may have by declaring food irradiation with all its problems to be be safe."

Those are strong words, although typical of the way Wolfe portrays his opponents. Wolfe then went on to say, "The safety of irradiated food can only be determined by adequate long-term testing on animals, especially because some studies have already found irradiated food to be unsafe."

Unsafe? What studies is Wolfe talking about when the FDA and AMA have come to the opposite conclusion from his?

Wolfe's and the HRG's position on food irradiation is based primarily on four studies, three of which are referred to in the *Public Citizen* article. On investigating these studies, however, I discovered that three of them, one of which was conducted in India and two in the Soviet Union, were found to be invalid upon peer review. The fourth, commonly called the Raltech study, used levels of radiation up to 60 times the level proposed under the FDA rules and was also considered by irradiation experts to have no validity concerning the proposed FDA action.

None of the journalists I talked to seemed concerned that Wolfe's presentation of facts might be selective.

When I asked Wolfe about the questionable validity of these studies and pointed out that a group of international agencies led by the World Health Organization has found food irradiation safe, Wolfe refused to budge. "FDA bureau- " he insisted, "say the World Health Organization has no basis for doing that (approving food irradiation as safe)." About the questionable validity of the studies, Wolfe said, "What are they talking about?" He claimed that the Soviet studies were replicated in the Raltech study and characterized the criticism of them as "facile." Moreover, Wolfe said that as far as he knew, the actual data from the Soviet studies had not been reviewed by US government researchers, leading him to remark, "I don't see what their basis is for criticizing these studies."

Wolfe seemed so sure of his facts that I called the US Department of Agriculture's Eastern Regional Lab to check out his claims. There I spoke with Dr. Eugene Wierbieki, a leading research scientist intimately familiar with the food irradiation studies in question. Indeed, Dr. Wierbieki is the scientist who actually translated the Soviet studies into English.

"He's wrong," said Wierbieki when I recounted Wolfe's remarks. Contrary to Wolfe's belief that US researchers did

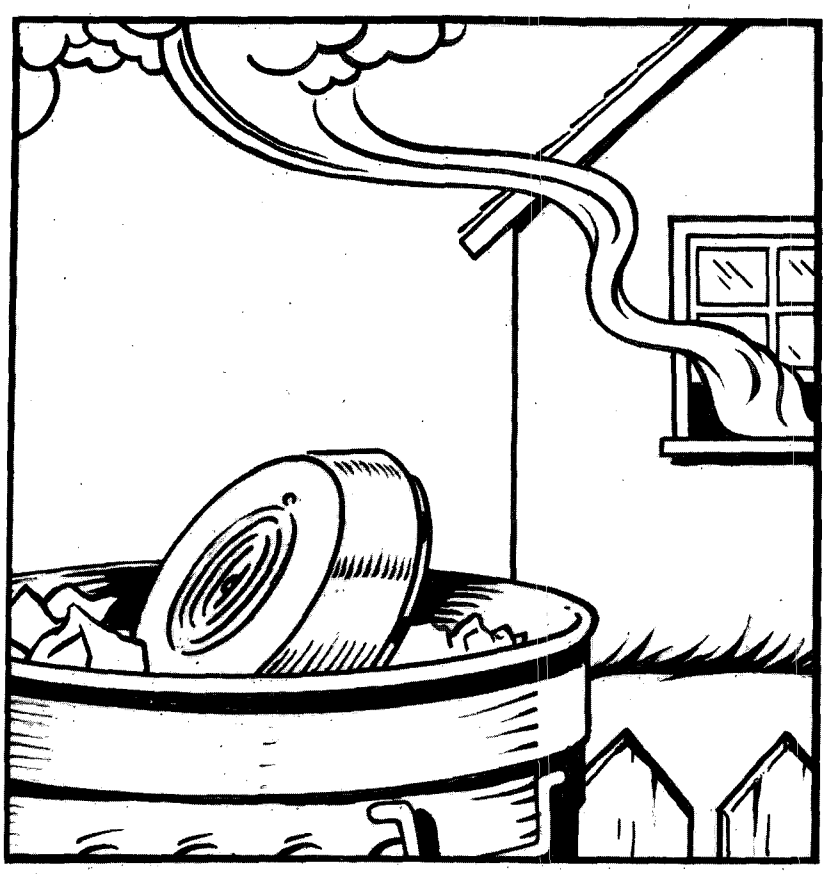
not have the Soviet data, Wierbieki had seen the complete Soviet studies and had actually spoken with their authors. The authors of the Soviet studies themselves had admitted to Wierbieki that their findings were invalid because of the inadvertent use of spoiled meat as a subject of irradiation.

Wierbieki was also familiar with the Indian study that Wolfe cited. Again, Wierbiecki told me it was invalid and in fact had been withdrawn by the institute at which it was conducted. And with regard to the Raltech study, he noted that the level of radiation used to treat the food, 5.9 megarads, was nearly 60 times that under consideration at the FDA. This led him to conclude, "I don't think that Raltech had any relevance to the 100 kilorad range (the actual level proposed for the food irradiation process)." In a separate conversation with one of the world's leading experts on the subject of food irradiation, Dr. Jack Sinisky of the consulting firm CH2M, I was also told that "the 5.9 megarad range (used in the Raltech study) is of little concern to the food irradiation industry." In other words, *none* of the four crucial studies used by Wolfe as a basis for opposing food irradiation provided valid evidence to support his conclusions.

I also questioned Wolfe about his reference, in an April 1984 HRG study, to an unpublished FDA review of 413 studies of food irradiation. Wolfe claimed that this extensive review provided no evidence that food irradiation is safe. But the FDA scientists who actually did the review claimed otherwise when I spoke with them prior to talking to Wolfe. When I pointed this out, Wolfe's only response was to disagree with the government officials. "That's their interpretation," he said, offering no explanation or evidence to the contrary.

At least in the case of food irradiation, the FDA official who suggested that Wolfe, once on a track, is often unwilling to accept contrary data, seems to be correct. But is this an isolated incident?

A look at another crusade by Wolfe suggests otherwise. On June 4, 1981, the HRG petitioned the Department of Health and Human Services (HHS) to remove the prescription drug Bendectin from the market immediately. An accepted medical tool for nearly three decades, Bendectin was clearly the drug of choice among physicians treating women who suffer from severe nausea during pregnancy. Despite the long experience of obstetricians, however, Wolfe asserted (as he still does today) that the drug was ineffective and even harmful. Shortly after receipt of the petition, the HHS rejected it, so the Health Research Group set off on a public crusade against the drug. At about the same time, a number of lawsuits over the drug were initiated, claiming it had caused birth defects in the children of mothers who took it.



HRG's two-year crusade to ban Bendectin and the publicity generated by the lawsuits over Bendectin were effective in turning the tide against the drug. Increasing litigation sparked by the publicity led to escalating legal and product insurance costs for Merrel Dow (the drug's sole manufacturer). In fact, according to *Private Practice* magazine, the insurance costs rose to over $10 million, while US sales of the drug itself were only about $13 million annually.

Faced with such astronomical insurance and litigation costs, Merrel Dow finally decided in 1983 to settle the major class-action lawsuit brought against them and to withdraw the drug from the market. Even before the withdrawal, however, consumers had already begun to suffer from the controversy, as the price of the drug rose from 30¢ to nearly $1.00 per tablet in the face of rising insurance and litigation costs.

Heralding their victory, the HRG proclaimed that withdrawal of Bendectin from the market would mean "thousands of pregnant women and their unborn children will be spared the risk of exposure to this questionably effective and unsafe drug." Yet what evidence was there to support these HRG claims? According to Dr. Ervin Nichols, Director of Practice Activities of the American College of Obstetricians and Gynecologists, "they have removed the one drug that has probably been tested more than any other drug used by pregnant women, and which has a great record."

When I asked Wolfe about the drug's safety, he noted that there was a German study questioning the safety of Bendectin. I pointed out that the study had been found invalid, because no one could replicate its findings. Wolfe retorted that no one had tried to replicate it. However, even at the time of an HRG request in 1983 that Bendectin be sold only with labels warning of possible birth defects, an FDA spokesperson stated that a second study by the same German scientists had failed to obtain similar results.

More important was an article in the March 1983 issue of the *New England Journal of Medicine* reviewing the medical literature on Bendectin. The article stated, "concerns about the teratogenic (birth defect) potential of Bendectin should be allayed, since none of these studies showed, within the limits of statistical certainty, that the product was teratogenic."

When confronted with this evidence,

Wolfe told me that HRG's first criticism of the drug concerned only its efficacy. But the fact remains that the fundraising literature from his organization, as well as HRG's second petition to the FDA, and numerous statements to the press all emphasize the *safety* aspects of the anti-nausea medicine. In fact, a fundraising letter from Public Citizen claims credit for pressuring "Merrel Dow to remove its morning sickness drug from the market. The drug has been linked to a severe birth defect, diaphragmatic hernia." This was the birth defect cited in the German study that didn't hold up.

Even on the efficacy issue, Wolfe appears to be wrong. Many physicians I interviewed agreed that Bendectin *is* effective.

Thus it appears that the real losers in the Bendectin controversy are the pregnant women who suffer from severe vomiting in their first trimester, as well as their unborn children. From 2 to 3 percent of the 3.5 million women who become pregnant each year fall into this category. For them, there is no longer a safe and effective medication to alleviate their symptoms. Some physicians even fear that as a consequence these women and their children will suffer from an *increased* incidence of birth defects, stillbirths, spontaneous abortions, and other health consequences.

The American College of Obstetricians and Gynecologists stated on June 10, 1983, "The decision of Merrel Dow creates a significant therapeutic gap. Nausea and vomiting in pregnancy cannot always be treated by symptomatic means, and in the past years severe cases have led to serious maternal nutritional as well as other deficiencies. We understand the Merrel Dow decision in view of the present legal climate, and feel that this decision was based more on the current litigious environment than science." The *New York Times* characterized the Bendectin settlement as a "devastation," and Merrel Dow called the drug the "victim of a litigious society." And Dr. Ervin Nichols concluded about the campaign launched by Wolfe and the HRG: "In an attempt to do good, they did bad."

Central to both the food irradiation and Bendectin examples is the question of risks and benefits. Wolfe was quick to agree when I interviewed him that "you have to look at the risks and benefits." But just how does he measure the risks? It seems that time and time again, *all* he looks at are the risks—and they're the risks as he defines them. Take, for example, his crusade against ionizing smoke detectors.

There are two types of smoke detectors being manufactured in the United States today. One, the photoelectric unit, uses a light cell to detect the presence of smoke. The other, the ionizing unit, uses a minute chip of a radioactive element, americium, to detect smoke. Each of the units has some advantages over the other, in that ionizing units detect smoldering fires more quickly, while photoelectric units detect smoke more rapidly. Ionizing units are far more common, because they are far less expensive—often costing only 25 percent of what is charged for a photoelectric model. Wolfe, however, does not like ionizing units. In fact, his HRG published a paper calling them "Mindless Dangerous Technology."

To the extent that Wolfe's Health Research Group could provide consumer information, it would be useful—*if* the information were accurate.

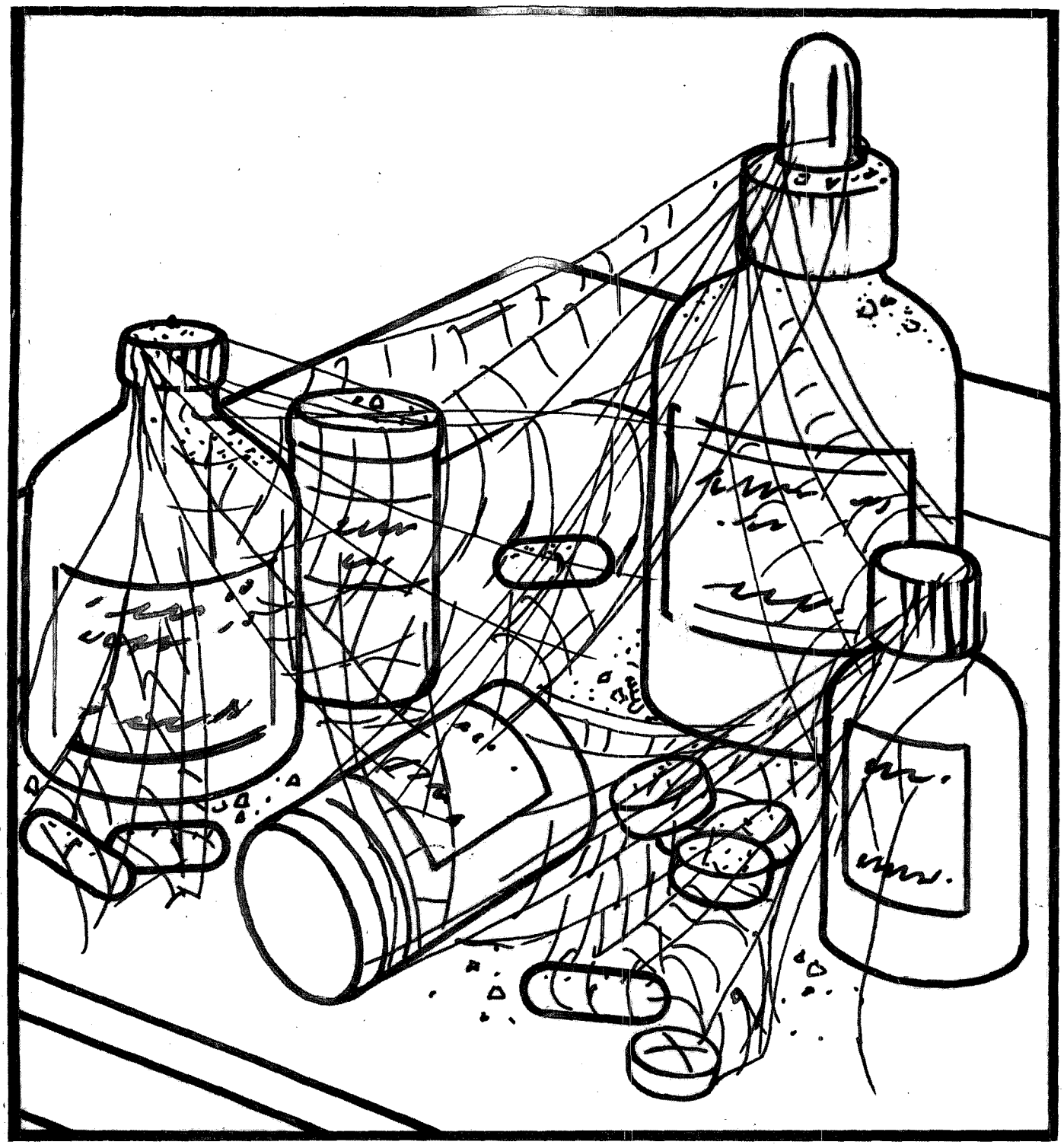
Published in 1976, but still available through HRG, the report, along with supporting material, warns that "chips of americium can come loose on a cleaner's fingers," and cautions that "even industry is concerned about the hazards associated with alpha-emitting sources" (the type of radiation americium puts out). The HRG recommends that owners of ionizing smoke detectors replace them immediately with a safer alternative. The report goes on to declare that "ionization smoke detectors represent an unnecessary risk of exposure to radiation and we have asked that they be taken off the market."

The HRG also raises the specter of danger to firefighters, noting that in the event of a warehouse fire, where the warehouse contained, say, 1,000 smoke detectors, firemen would run the risk of exposure to some 3,000 microcuries of americium (a microcurie is a measure of volume). What they fail to note, however, is that 3,000 microcuries—the amount contained in *all* of the smoke detectors in the hypothetical warehouse—is actually less than 1/1,000th of a gram. Moreover, firefighters normally would be wearing breathing equipment, making the already remote possibility of exposure even more remote. Also, it should be remembered that the type of radiation emitted by americium—alpha particles—is the least penetrating and would be stopped by clothing or even a piece of paper.

So why all the fuss? Simple—Sidney Wolfe apparently doesn't want anyone to be exposed to *any* radiation. Ignoring his own dictum about costs and benefits, he would deprive the public of this potentially life-saving device because of his own narrow perspective regarding radiation.

But does Wolfe really have any impact on the public's buying habits? *Consumer Reports* magazine apparently thinks so. Specifically addressing fears about radiation emissions from ionization detectors, the magazine explained in its October 1984 issue: "Ionization units which contain radioactive material make some people nervous. But the risk is minimal—the rough equivalent, say, of moving from an apartment to another on the floor above, and thus moving that much closer to the sun." Moreover, because of the different properties of the two types of units, *Consumer Reports* recommends that purchasers either buy a combination ionization/photoelectric model or make sure that one of the detectors in their home is an ionizing unit.

But despite the fact that *Consumer Reports* is more often than not an ally of Wolfe's, he continues to be adamant in his opposition to ionization units. What's most disturbing about this opposition is that some people, taking these fears to heart, might not purchase any smoke detector if all they can find is an ionizing unit or if the cost of a photoelectric unit seems prohibitive. While the risks associated with radiation from ionizing



units are so small as to be of no consequence, the risks of *not having a unit* are considerable. The International Association of Fire Chiefs estimates that as many as 7,500 lives are lost each year that could be saved if every dwelling were equipped with a smoke detector. The National Fire Protection Association reports that more than 90 percent of fire fatalities in 1982 occurred in homes without detectors. Therefore, if one were to weigh the benefits and risks, as Wolfe says we should, they are clearly on the side of having ionizing smoke detectors available to the public.

The tendency to focus on relatively minute risks is not a new phenomenon with the Health Research Group. One of the victories they claim is in obtaining a government ban on Red Dye No. 2, a substance once widely used as a food additive.

During the early 1970s, a controversy arose over Red Dye No. 2 due to claims by some researchers that it might be linked to cancer or birth defects. Evidence was not conclusive, however, according to a detailed examination of the controversy by Edith Efron in her book *The Apocalyptics.* Even FDA officials admitted this. In addition, the quality of the research on which the FDA relied to impose a ban could only be characterized as slovenly. The scientist who was originally conducting the study left the FDA in the middle of the experiment and test animals were mixed up. So researchers were uncertain as to which were from the control group and which from the experimental group. Worse, fully 80 percent of the animals died before the study was concluded, and most of their bodies were allowed to decompose so badly that they could not be examined.

Still, because of the public pressure mounted by opponents of the additive such as the HRG, government regulators decided in 1976 to ban the dye. They did so despite the fact that FDA officials recognized that the study on which they relied failed to clearly establish the dye's carcinogenicity. They were even aware that a second study had failed to confirm the flimsy evidence of the first study. If anything, the hasty banning of Red Dye No. 2 illustrates how susceptible policymakers are to political pressures that cloud available scientific fact. And Wolfe's relentless use of media publicity, dramatic lawsuits, and political lobbying indicate that he understands this policymaking process well.

No doubt Wolfe himself is convinced he is *right* when he sets out on a crusade such as the one he mounted against Red Dye No. 2. However, the longer one speaks with him, the more one suspects he may be unable to recognize any evidence that challenges his preconceptions.

One such preconception includes a bias against combination drugs. Wolfe asserts, for example, that "except in a few cases," physicians should not prescribe "combination" drugs (ones that contain more than one active ingredient to treat several symptoms of illnesses at once). However, numerous studies indicate that the real value of such combination drugs is that patients *take* them. So-called compliance studies of patients required to take more than one drug have indicated that the likelihood of a patient not taking his medication goes up dramatically as the number of drugs increases.

Although asked about this several times during the interview, Wolfe always avoided a direct answer. Instead, he criticized combination drugs from some other aspect. In one instance, Wolfe cited the drug Librax as an example of a combination drug that is not effective. However, according to gastroenterologist Michael R. Peskin, Wolfe is incorrect. For patients with certain conditions, Librax *is* an effective drug, and Peskin's experience in his practice supports that conclusion. Of course, Wolfe does not place much stock in physicians' experience.

Similarly, in the HRG book on over-the-counter drugs, Wolfe criticized combinations that include the drug Simethicone. Yet I was able to turn up eight studies indicating that the drug is both safe *and* effective. In one study by medical researchers P. C. Pellegrino and H. B. Silberner, 85 percent of the patients studied "exhibited a satisfactory response." In other words, Simethicone does work, according to a number of clinical studies conducted over the years. Why, then, does Wolfe claim it is ineffective?

What Wolfe says is that it is ineffective as an "antiflatulent," that is, it does not reduce the production of gas in the intestines. This is true, but that is not its purpose. What Simethicone does is break up gas bubbles so that the individual can expel the gas from his system more readily, and in that application it is effective. Wolfe himself has recommended, as an alternative remedy, that individuals troubled by excess gas change their diets—stop drinking carbonated beverages, for example—or that they try to stop swallowing air (a major cause of intestinal gas in some people). But what if they can't? Or what if they don't want to change their eating habits? In that case, Wolfe would let them suffer rather than rely on a drug he thinks is ineffective.

Wolfe has managed to equate his view of reality with consumers' interests, especially in the popular media.

In the wake of unrelenting legal pressure from HRG, the FDA has eliminated from the market several thousand previously legal prescription drugs, including many combination drugs. The latter, according to a July 1983 article in *Regulation* magazine, "were banned on the grounds that they were no *more* effective than their ingredients taken separately." As a result of the ban, in cases where patients do require both substances at once, physicians now must prescribe each ingredient separately—at additional cost, of course, to the patient and with greater risk that the patient will fail to comply with the recommended therapy. Such adverse results Wolfe seems to overlook in his narrow preconception of what constitutes consumers' interests.

It's unfortunate for the consumer that Wolfe and his HRG so effectively push their narrow perspective into public policy. But worse still is the fact that the documentation they use to bolster their perspective is often inadequate, questionable by scientific standards, and even sometimes just plain wrong.

The March 1983 issue of *Private Practice* assessed a number of assertions made in *Pills That Don't Work*, put out in 1981 by Sidney Wolfe and the Health Research Group. The book, which has sold several hundred thousand copies, has basic errors even of addition, according to the *Private Practice* article. Furthermore, before it even reached the public, the information contained in the book was seriously out of date. Of the 200 drugs the book identified as those most often prescribed, only 26 were still in that category at the time of publication. Nonetheless, Wolfe failed to point this out when interviewed about the book on the *Phil Donahue Show*.

One must seriously begin to question the thoroughness and accuracy of all Wolfe's and HRG's work when one considers the magnitude of the errors they sometimes make. Consider, for example, his congressional testimony regarding a pest-strip marketed by Shell. According to Wolfe, a chemical called DDVP, thought by some to be toxic, accounts for about 97 percent of the weight of the chemical package. In fact, DDVP, the principle active ingredient of the device, "is incorporated into the resin strip to the extent of 20 percent by weight," the manufacturer testified.

Even where Wolfe accurately recounts the statistics produced by studies of the health effects of certain chemicals, there are serious grounds to challenge his assumptions in evaluating them. For example, there is great debate about the validity of animal studies for determining carcinogenic (cancer-causing) substances in humans. When I asked Wolfe about this he said if an animal study is positive, "in terms of cancer there has to be the assumption that if the study is done properly—large enough number of animals,

and so forth—you have to assume that it (the substance being tested) causes cancer (in humans)."

His response was equally assertive about the merits of using results of high-dose animal tests as adequate evidence of carcinogenicity in humans. One would gather from Wolfe's responses that these issues are totally resolved within the scientific community. Yet the use of animal studies, especially high-dose studies, is questioned by many scientists. In a 1984 paper presented at a Consumers Union symposium, Elizabeth Whelan and William Havender noted recent studies suggesting that "estimating cancer risks at low doses from the results of experiments using high doses tends to overestimate the true risk by many orders of magnitude." One study, for example, "showed that a 100-fold decrease in dose would be accompanied by a 2-million-fold decrease in tumor risk."

Despite this kind of evidence, nowhere does Wolfe himself caution that results from high-dose animal studies may be difficult to interpret or even invalid. He didn't even mention, for example, in his testimony on food dyes before Congress that humans would have to consume 1,200 pounds of food tinted with Red Dye No. 2 each day for two years to match intake levels given to rats in the studies that showed a statistically significant increase in malignancies in female rats.

Wolfe's failure to acknowledge scientific data that shed doubt on his conclusions seems to confirm that he is not so much after the truth as he is intent on transforming health-care policy to accord with his own preferences. Those preferences seem to stem from a bias that includes distrust of drug companies, dislike of the traditional health-care establishment, a seeming fear of anything to do with radiation, a mistrust of chemicals in general, and a belief that profits in the health-care industry are undeservedly high. These preconceptions seem to underlie almost all of what Wolfe says and does.

Given the fact that Wolfe appears to have a clear-cut bias, I was curious why he has been able to gain so much attention in the press. Clearly, he has wide-ranging contacts—in fact, our interview was interrupted by a call from an investigative reporter with the *New York Times* who was having dinner with Wolfe that evening. Still, good reporters would have to recognize the hyperbole that often creeps into Wolfe's rhetoric and, if they did their homework, would certainly have had to discover that in many cases he appears to be selective in his choice of data. As with so many other individuals we interviewed, however, journalists were simply not willing to speak for attribution.

Wolfe has succeeded in putting his views on the public agenda—but is this a boon for consumers?

One reporter with a major daily newspaper, speaking on the condition that he not be identified, did offer considerable insight into Wolfe's success with the media. "He's a critic," the reporter said. "So when we get industry's side, then we go to him to get the other side." But what, I asked, about his apparent bias? "Well, of course, he's biased," the reporter continued. "He's an advocate, and we expect that. But he's always got some study to back him up, and he's always good for a quote. Besides, there's really no one else filling the role."

Another journalist also cited Wolfe's accessibility and his willingness to comment. None of the journalists I talked to, however, seemed concerned that Wolfe's presentation of facts might be selective. Several acknowledged that they expected Wolfe to be biased, saying it made for better copy and that if they did *not* obtain his viewpoint, they were not telling the whole story.

This assumption, that in order to balance a story a reporter must seek out "an opposing viewpoint," whether or not any opposition is merited by the facts, is well understood by Wolfe and he plays to it well. But is the public served by this practice? The answer must be no.

There are times when Wolfe does call problems to the public's attention, as with the recent case of defective heart valves. Nor can one take exception to his providing consumers with information on drugs or other products—provided it is *accurate*. The problem is that in his search for zero risk, he exaggerates the hazards facing society. Coupled with the willingness of the media to promote Wolfe's position, this has resulted in an environment that encourages greater government interference in our lives. The inevitable consequence of his crusades seems to be more regulation, more restrictions on what we can buy and consume, on what medicines we can take, on how we can live our lives—and often when more careful analysis than Wolfe's reveals that there is little risk involved.

The problem with Wolfe is not that others may disagree with his conception about what might make the best world for consumers. The problem is that he purports to speak for the consumer, not merely for himself, and uses the political process to coerce others into living in his world. He has managed to equate his view of reality with consumers' interests, especially in the popular media and on Capitol Hill, and to oppose all other views as anticonsumer.

A phrase Wolfe used frequently during our interview was, "Who needs it?" He used this phrase in reference to everything from over-the-counter drugs, to Bendectin, to ionizing smoke detectors. But the real question is, Who is Sidney Wolfe to say what other individuals' needs are? His sincerity cannot excuse his condescension.

In a way it's unfortunate that Wolfe is so willing to accept the government as a solution to problems, because he otherwise might be able to provide a useful service. Information *is* important in a market system. To the extent that the HRG could provide information to consumers, it would be performing a useful function, if—and it's a big if—the information were accurate. But that doesn't seem to be in the cards. Instead, Wolfe seems to have a burning desire to remake the world in an image he has created, whether we want him to or not. ☐

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Socialism with a Pragmatic Face

Spain's socialist revolutionaries are now politicians, and that means even freedom can prosper here and there.

By M. Perez

It has been more than two years since the Spanish Socialist Workers Party (PSOE) under the leadership of Felipe González triumphed in the national elections in my country and came to power. At the time, few Americans knew much about him or his party, and they knew even less of what to expect from his socialist government.

The PSOE was founded in Madrid between 1879 and 1881 as a Marxist proletarian party by Pablo Iglesias, a typographer and good organizer still revered by many socialists. In early 1983, for example, the *Wall Street Journal* interviewed a 91-year-old printer in Madrid whose wallet contained pictures of Iglesias and Karl Marx.

In its early days, the PSOE was strictly a working-class party. It was and still is closely associated with one of Spain's two trade-union federations, the UGT (the other federation is Communist). In the 1920s and 1930s, however, as the party started to win parliamentary seats and some municipal offices, it began to attract intellectuals, writers, and teachers to its ranks. And it survived a schism within its ranks when its youth organization seceded in 1920 to form what is now the Spanish Communist Party (PCE).

The first time the PSOE became a

governing party was during the eight turbulent years of the Spanish Republic (1931-39). Prominent members of the PSOE and UGT were ministers of different Republican cabinets, and one socialist, Francisco Largo Caballero, was briefly the prime minister of the Republic.

But those days of glory were short-lived. Spain was racked by a violent and bloody civil war with the Republicans on one side and fascist rebels, led by General Francisco Franco and aided by Hitler and Mussolini, on the other. Among the Republicans' international supporters were foreign notables such as Ernest Hemingway, George Orwell (who fought in Republican ranks and subsequently wrote his *Homage to Catalonia* about the experience), and Albert Camus, but also the Soviet government. It was all to no avail. After uncounted thousands were slaughtered by both sides, the fascists won in 1939, and Franco ruled as dictator until his death in 1975.

In the wake of Franco's oppression, many PSOE leaders fled into exile, mainly to Mexico and France, and the party set up headquarters in Toulouse, France. Over the years, the PSOE sunk into oblivion for several reasons. Membership inside Spain (illegal under Franco) declined. Six of its underground organizations fell into police hands, leading the party to abandon major clandestine operations almost entirely in 1948. And the 1950s and 1960s brought a generation of Spaniards who had no memories of the Civil War and no direct contact with the PSOE—or, for that matter, with democracy.

In the early 1960s, a group of young Socialists from Seville under the leadership of Alfonso Guerra (now Spain's vice-president) and lawyer Felipe González began agitating for three major changes in the PSOE. First, they wanted to reinvigorate the party within Spain, even though Franco was still alive and party membership was illegal. Second, they were interested in working closely with other anti-Franco groups both to the left and to the right of the PSOE—anathema to PSOE veterans of the Civil War who were intent on maintaining the ideological purity of the cause for which they had fought.

Finally, the Sevillians were promoting a social-democrat ideology that was more moderate than the Marxism of the Toulouse generation. González, particularly, was heavily influenced by social democrats in Sweden and Germany, with former German chancellor Willy Brandt (now head of the Socialist International) as a kind of political godfather.

Prime Minister Felipe González: A radical lawyer in his youth, Spain's socialist leader now avoids the word "socialism."

The conflict between the generations came to a head at a socialist convention in Suresnes, near Paris, in 1974. The Sevillians took over, and González became the party's general secretary. Little by little, the PSOE's traditional attachments changed. For example, the once staunchly republican party is now sympathetic to the monarchy, an irony that is due to the immensely popular King Juan Carlos.

Although the fascist dictator Franco groomed Juan Carlos to be his successor, the young king's politics have turned out to be very different from his mentor's. After Franco's death, Juan Carlos artfully steered Spain away from its fascist legacy and toward a liberal democracy. The king's greatest test came in 1981 when a group of armed fascists in the civil guards literally held the Spanish parliament at gunpoint in a coup attempt. The king single-handedly saved his nation's still-new democracy and was later even proposed by Socialist mayors for the Nobel Peace Prize.

There have been other changes in the PSOE's ideology that are just as dramatic. Instead of the fervent Marxism of the old days, much of the party's rhetoric promotes free-market-oriented social democracy and recognizes the superior capitalist ability to produce wealth. Moreover, the party solicits support not only from its original working-class base but from all social and economic groups. The transformation of the PSOE is complete, and it produced a winning formula for the party when Spaniards went to the polls in 1982.

Today, the basic philosophical principle of the PSOE is to stay in office. But is it socialist? Yes and no. On the one hand, the party's programs and the resolutions of its conventions, affiliated trade unions, and youth organizations are still clearly socialist, with a Marxist orientation and much rhetoric about class struggle. On the other hand, the moderating influence of European social democrats has affected the PSOE greatly since the early 1970s. Their lesson for the Spaniards was to forget about the old Marxist trappings and follow the example of the German Social Democratic Party. González and his fellows learned the new pragmatism quickly and well. For example, in his long state-of-the-nation address last year, González didn't mention the word *socialism* once.

One thing is certain. Even if González, Guerra, and their allies may have taken to heart the PSOE's utopian socialism in their youth, now that they're in power they're acting more or less like politicians everywhere. They speak of the need for pragmatism. They install their friends and PSOE members in the government bureaucracy, and all the government-owned businesses (inherited, ironically, from the days of Franco). They blame investors for not putting risk capital to work in the private sector—but at the same time, they use big advertising campaigns and attractive tax deductions to lure investors to purchase nonrisk government bonds for reducing enormous government deficits and covering chronic losses in state-run industries. When policies don't work, they rely on Felipe González's personal charm, which is considerable.

It's instructive to see how the Spanish socialists have handled one of the country's worst problems—unemployment. The dimensions of the problem are huge. In 1981 (the last full year before González came to power), Spain's unemployment rate was 14 percent, already a good deal more than the 7.8 percent unemployment rate that year for the European Economic Community as a whole. In the second quarter of 1984, the EEC's unemployment rate had moved up almost three points, to 10.7—but the

Photographs courtesy Embassy of Spain

Spanish unemployment rate had risen to a staggering 19.7 percent of the labor force.

What makes it especially embarrassing for González is that in the 1982 campaign, PSOE economists had calculated that four years of socialist rule would produce a minimum of 800,000 new jobs. Yet it is estimated that in the first two years of the González government, the economy *lost* 600,000 jobs.

To his credit, González has acknowledged his government's failure to alleviate the unemployment problem as promised. Even in his 1984 state of the nation address, he clearly admitted that he had been wrong the year before when he proclaimed that the erosion of jobs had already touched rock bottom.

One of the government's big initiatives for dealing with economic woes has not been the wholesale nationalizing of industries, such as the Mitterrand government engineered under somewhat different circumstances soon after it came to power in France. Spain has instead tried a device called a "social pact." Last year, the Spanish government asked representatives of employers and employees to put aside their own special interests and negotiate agreements that put the national interest first.

What actually happened is the Spanish Confederation of Entrepreneurial Organizations, representing employers, worked assiduously to protect its own interests. The General Workers' Union (UGT), the socialist trade-union federation, tempered its steadfast devotion to workers by heeding the dictates of its PSOE allies; this made it look very tame indeed. And the Workers Commissions, the Communist unions, loudly claimed that they were representing the working class's true interests, which had been betrayed by the Socialists.

But somehow, a Social Economic Agreement was hammered out that was acceptable to all but the Communist unions. It stipulates that employers and employees will voluntarily limit wage increases to a maximum of 5-7 percent for two years, which is lower than the expected inflation rate of 10 percent. The government, for its part, promised to reduce deficits, keep public-sector losses under control, and appoint a study group to reform Spanish labor laws so that they're closer to the European Economic Community's protective labor legislation.

The average Spaniard believes that the "social pact" is just another political device that will not substantially improve his standard of living. Yet the González government hopes to use the agreement to survive until the next national elections, in October 1986. The pact was generally considered a political coup for the socialists—yet it is a far cry from the Spanish socialism of the old days. After all, even President Nixon imposed wage and price controls in the United States in 1972, and those were mandatory.

Francisco Franco: Under his 36-year dictatorship, a generation of Spaniards grew up with no experience with democracy.

Another big issue in Spain is withdrawal from NATO. A solid majority of Spaniards—59 percent as of last October—are against Spanish participation in NATO. The PSOE itself came down firmly in favor of withdrawal during the 1982 campaign. Yet since then, the González government has steadily shifted in a very different direction. It is now in favor of a national referendum to decide the issue, but it has delayed the referendum until February 1986, right after Spain is expected to join the European Economic Community and when public opinion should be favorably disposed toward Western alliance. Finally, while González remains opposed to Spanish participation in the *military* side of NATO, at a party convention late last year he advocated participation in the *political* doings of NATO. So the PSOE promise in 1982 to pull out of NATO has been scrapped altogether.

Is anyone calling the González government to task for its political zigzags? There are indeed three centers of opposition to the regime, but none seriously threatens the ruling party right now. The largest is the center-right Popular Coalition, which consists of three parties—the Popular Alliance (conservative), the Popular Democratic Party (Christian democrat), and the Liberal Union (classical liberal). The coalition's opposition is less than ferocious. Whenever the government rectifies a past mistake, the coalition takes the opportunity to praise it, regarding every 180-degree turn by González as a sign of realism.

The coalition leader is Manuel Fraga of the Popular Alliance. He is a law professor and was minister of Information and Tourism under Franco. Even though he is a conservative, Fraga has written favorably of John Kenneth Galbraith, the well-known disciple of Keynesian economics and publicist for a mixed economy. In a 1975 book, Fraga declared himself in favor of a "serious income policy" as well as government policy "to control all income; prices, margins or profit, dividends, salaries, and wages." But generally, the Popular Coalition's members are sympathetic to models of development such as the United States, Britain, West Germany, Switzerland, and Japan. They also support Spain's full participation in NATO.

The second-largest opposition to the González government comes from the Communist Party of Spain (PCE). The Communists share power with the Socialists in many municipal councils, but that hasn't prevented the Communists from bitterly criticizing González's policies. In parliamentary debates late last year, for example, they took the government to task for its labor and economic policy and its willingness to stay in NATO, and they accused it of departing totally from leftist principles and breaking promises to the workers who voted PSOE candidates into office.

Spain's Communists have followed the Eurocommunist example of their Italian brethren. This has meant accepting (at least nominally) the existence of parliamentary democracy and civil liberties and occasionally criticizing the USSR for its actions in Afghanistan and Poland.

The third-largest center of opposition to the Socialists is the Basque and Catalan nationalist minorities, who want the Madrid government to transfer more power and money to their autonomous regional governments. The Basques have also complained that the police torture people to get information on terrorist activities. This charge is supported by a recent Amnesty International report,

which found "persistent use of torture or ill treatment of detainees in Spain." The report noted that every year since 1980, Amnesty International has been informed of 25-30 substantive allegations of torture or ill-treatment of detainees under Spain's antiterrorist laws.

From a pro-freedom standpoint, the González government can be credited with a number of major accomplishments. First, Francoism is no longer a political force in Spain. The fascists' last important stronghold was the military (indeed, high-ranking military officers supported the coup attempt four years ago). But since the coup was foiled and González was elected, his defense minister has been carefully appointing pro-democratic generals to key posts and removing fascists.

The socialist government may also claim some success in combatting terrorism. Since the days of Franco, Spain has been plagued by separatist terrorist organizations, notably the Basque separatist group called ETA that assassinated Franco's prime minister in the 1970s. Today, the ETA is still actively killing all sorts of people and collecting cash from frightened citizens under the rubric of a "revolutionary tax."

But lately, their traditional refuge across the border in southern France is not as secure as it once was. The socialist Mitterrand government in France is increasingly cooperative with its long-time Spanish friends of the PSOE. Admitting that killers for political reasons are just as much criminals as are killers for any other reason, French authorities are refusing to treat terrorists gently as they did before, when ETA members had political-refugee status. And some terrorists imprisoned in France have been extradited to Spain.

There is vastly more personal freedom in Spain today than under Franco or even under the conservative governments that ruled the country between Franco's death and González's election. Spanish citizens now enjoy all the democratic freedoms and civil liberties respected in other Western European countries, and they're protected by law and popular consensus. Yet those liberties still do not extend as far as they should.

You may now go anywhere in Spain that you choose. You may decide to attend the meeting of an opposition political party. You may print or buy any kind of publication. And you may watch a porno show in a theater and afterwards smoke hashish at a party. All these would have been unheard of 10 years ago.

King Juan Carlos: He says that Spain's people today enjoy more freedom than ever before in their history.

But economic freedoms are not so wide. Spaniards are still not allowed to start private television stations, so you don't have the option of watching private television. The Spanish constitution guarantees freedom of expression, but when the government does finally permit private television, probably by the end of this year, it will be heavily restricted and regulated.

Freedom of movement is also constitutionally recognized, and you may leave the country if you wish. But you aren't permitted to take your money along with you without restrictions, even when it is perfectly clean, hard-earned money that you've kept after having paid all your taxes. If you tried to take your money out of the country anyway, it would be called "capital evasion." You could end up in jail, and the money might be confiscated or reduced by heavy fines.

You are free to stroll downtown at night. But there is a danger that you will be attacked by petty criminals. With the relaxation of social and political restraints since Franco's death, the level of crime has increased in Spain. It is not as high as in some other western European nations, but it is still a serious problem. When the PSOE came to power, it liberalized Spain's criminal code and released a few thousand petty criminals from jail. But as the crime rate continues to grow, the government has retracted some of its reforms, and today, we are back more or less to where we started. The government does not seem to have any solutions to the crime problem.

So is Spain free because of Felipe González and the PSOE? King Juan Carlos, in a speech at Harvard last year, said, "Today, Spanish people enjoy more freedom than ever in all their history." Yet only a few days earlier, the well-known Spanish philosopher Julian Marias had written in *ABC*, a newspaper supportive of a strong monarchy, "You have to be blind if you cannot see the progressive and fast diminution of freedom in Spain during the last eighteen months. Since 1981, freedom had experienced what we could call a principle of numbness: there was less vivacity, less happiness, less personal and social spontaneity, a weaker sense of enterprise, of open road toward the future; freedom was still respected, but neither incited nor stimulated."

He added, "Something that did not exist at all is happening now, and it worries me a lot: exasperation. Countless Spaniards of all social strata, of all kinds of ideologies, feel uncomfortable, supervised, manipulated, harassed.... When they want to project something, they find that the government has already intervened—or is about to intervene—to limit their possibilities or to orient them towards a predetermined direction."

Who is right, King Juan Carlos or Julian Marias? Both are right, from different angles. The king is right about the freedoms that are guaranteed by the Spanish constitution and that have been expanded by the González government. And the philosopher is right about the kind of limitations that the citizen still encounters in everyday life on his personal and economic liberties, some of which have even grown worse.

So it is in the Spain of Felipe González. In some ways, the lot of Spaniards has suffered a setback. In other ways, they are enduring what they have endured for decades. And in still others, they are indeed freer than they have ever been before. And they owe it to the Spanish socialism that is no longer quite socialism. ◻

REASON's Spanish correspondent M. Perez is a businessman in Madrid.

Cab Scam

Even taxis are controlled by Chicago's corrupt political machine. Now pressure is building to dismantle the city-supported cab monopoly.

By Daniel John Sobieski

Since Charles I ordered the licensing of hackneys in London and Westminster in 1635, governments have tried again and again to control first hackneys, then cabriolets, and today taxis. Until recently, almost nothing was quite so sure as death, taxes, and cab regulation.

Perhaps nowhere are the fruits of such regulation more obnoxious than in Chicago. For more than half a century, two interlocking companies have shared a near-monopoly over the taxi business in the Windy City, limiting the number of cabs on the streets, locking out potential competitors, and deciding who gets to work in the business and who doesn't. But a $320-million antitrust lawsuit could change all that by shattering the dominance of the Checker and Yellow fleets over Chicago's taxi industry. The result could be more cabs on the streets, better service for low-income areas, employment for licensed cab drivers who can't now find work, and an opening for new companies to enter the market.

It would all be part of a growing nationwide trend to deregulate municipal taxi businesses. There is already a steadily expanding list of cities with at least partial taxi deregulation. It includes all of Arizona's cities and towns; San Diego and Santa Barbara, California; Seattle and Spokane, Washington; Honolulu; the District of Columbia; and Kansas City, Missouri, among others. Indeed, a survey of 103 American cities found that during the past five years, 16 cities have substantially relaxed market-entry controls, while 17 substantially relaxed fare regulations. This trend was further stimulated in 1982 by the Supreme Court's *Boulder* decision, which held that cities can be sued in some cases on antitrust grounds for restraining competition. Three Chicago taxi drivers saw the opportunity to file suit in federal court against the Checker and Yellow cab companies. They had conspired with the city of Chicago, charged the suit, to monopolize the city's taxi industry via limits on the number of taxi licenses.

It is interesting that such a suit should be filed in Chicago, partly because the modern taxicab industry got its start there. John D. Hertz, best known today for the car-rental business he also started, launched the Yellow Cab Company in Chicago, and it was the emerging taxi industry that prompted the first installation of traffic lights along Michigan Avenue.

Joseph L. Bast of the Heartland Institute has noted that from 1915 to 1930 the taxicab industry of Chicago flourished in an environment relatively free of regulations. The industry earned a reputation for professionalism, safety, and innovative service. Hertz pioneered such developments as telephone dispatching, no charges for deadhead mileage to or from a pick-up point, uniformly low fares, and training programs for drivers.

Entry into the trade was virtually unrestricted by local government. Marcus Alexis, a Northwestern University economics professor and a student of Chicago's taxicab industry, recounts that in the 1920s, as more and more Chicagoans were able to afford their own cars, many simply put "TAXI" signs on the sides of their cars and thus entered the market as cab drivers. And since no firm held a monopoly via licenses, anyone who could earn the public's confidence

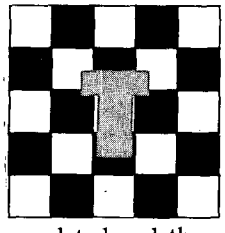
could stay in business.

According to Alexis, the larger cab companies were displeased with the competition they faced. By the late 1920s, Yellow and Checker had managed to buy out several smaller companies and had consolidated dominant positions in the Chicago taxicab industry. In 1929, using the flimsy pretext of protecting the consumer from "price gouging," they got the city government to impose entry restrictions.

The legal barriers against entry into the industry were dropped temporarily in 1931, but no new licenses were issued despite applications. Entry controls were reimposed in 1934 by a regulation providing that licenses would be issued only after a showing that they were required by the "public convenience and necessity." During this period, Yellow and Checker bought out other remaining competitors and secured their near-monopoly. And in 1934, minimum-fare controls were imposed by the city to eliminate price competition—and make taxicab operations more profitable.

Chicago limited the number of licenses to 4,108 in 1934, reduced the number to 3,000 in 1937, and then in 1963 permanently established a 4,600 ceiling by city ordinance. The ordinance formalized an agreement personally brokered by the late Mayor Richard J. Daley, in which Checker and Yellow were guaranteed 80 percent of them (the language of the ordinance froze market shares at 1963 levels). Later, these licenses were also made nontransferable.

Not only do Checker and Yellow nearly monopolize the Chicago market, but they even have interlocking ownership. Checker owns 44 percent of the stock in Checker Motor Company, a New York corporation that in turn owns all the stock in Yellow.



hese two firms' historic dominance of the market was part of the Chicago political structure in which clout and influence prevailed. The system of the regulated and the regulators scratching each other's backs fit in nicely with the politics of the Daley machine. But after Daley's death on December 20, 1976, all the king's horses and all the king's men were in disarray.

In an attempt to continue the status quo, the machine's power brokers settled on Alderman Michael Bilandic as Daley's successor. Bilandic was selected as acting mayor and subsequently elected to fill out Daley's term on June 7, 1977. He was from Daley's historically powerful 11th Ward and had been schooled in the fine art of Chicago politics by Daley himself.

From the start, regulation was a brilliant ploy of the big two cab companies working in collusion with a corrupt political machine.

Among Bilandic's first acts as mayor was a secret meeting with Checker Taxi president Jerry Feldman at Midway Airport on June 8, 1977. It was destined to change forever the face of Chicago politics. Jane Byrne would charge that at this meeting, Mayor Bilandic approved an unwarranted taxi-fare increase as a personal favor to long-time friends of the Democratic machine.

And who was Jane Byrne? At the time, she was just another high-level functionary of the Democratic machine. Although she was not considered part of the inner circle that was calling the shots in Chicago when the dust settled after Daley's death, she had always been a party loyalist and had risen swiftly through the ranks. Ten years before, Daley had appointed her commissioner of consumer sales, weights, and measures. And one of his last official acts was to pass an ordinance giving her office authority over taxi leasing contracts. Thus was she present at the Midway Airport meeting, details of which are contained in a now-famous memo (originally written for her files, she said later, "to protect myself").

In the memo, she charged that Bilandic "greased" the way for the city council's approval of an 11.7-percent fare hike. She said that the city's "entire action" in granting the fare increase was "fraudulent and conspiratorial."

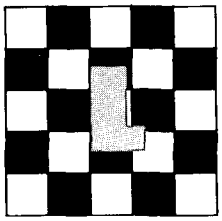
As Byrne described the meeting with Checker president Jerry Feldman: "The Mayor looked at him and said, '. . . I can call an emergency City Council meeting the following week. Oh, we won't make the rate increase the reason for the Council meeting. We'll blow up some other matter to look important and quietly tack the increase on in unfinished business.' He looked at everybody and said, 'That's how it's done.' "

What Bilandic "negotiated," she said later, "was a taxicab fare increase that is a soak Chicago, soak the sick, old people taking short cab rides . . . soak the Loop businessman . . . soak the cab driver." She had witnessed, she said, "the shameful spectacle of the mayor of Chicago belittling the poor, the uneducated black and white driver and advising the taxi corporations that as soon as the fare increase went through to raise the [leasing] rates on them, which they did."

As a city official, Byrne had earlier asked an accounting firm to audit the records of Checker and Yellow. The firm's report showed the two companies were making huge profits from their leasing operations and were in such good financial shape as to be undeserving of a fare increase. She brought this up at the Midway Airport meeting, to no avail.

Always loyal to her mentor, Richard Daley, she said later that such secret meetings did not occur when Daley was mayor. She decided to release her memo four months after it was written, in response to a demand by one of the aldermen that the power to regulate cabs be taken from Byrne and transferred to more-loyal machine supporters.

The controversy heated up. Byrne took a lie-detector test, even though such tests are notoriously unreliable. The testers rated as "truthful" her answers to questions pertaining to the Midway meeting and the memo. Byrne was fired by Bilandic in November 1977, but she got revenge. In 1979, she ran for mayor against Bilandic and won a stunning upset.



ittle did anyone guess back then that the days of the regulated taxi industry in America might be numbered, but wheels were beginning to turn. An August 1977 report, prepared by the Chicago office of the Federal Trade Commission after a four-year investigation, called the Checker Motor combine a monopoly and urged that it be broken up. The report charged that cab officials falsely inflated their expenses to justify fare increases and conspired in making governmental policy decisions affecting the entire taxi industry in Chicago.

At the local level, Byrne ranted about an "evil cabal" of political hacks, but she soon learned as mayor to go along to get along. It remained for the administration of Harold Washington, elected mayor in 1983, to accept the idea of taxicab deregulation.

There is a good reason for the Washington administration to work for a more open taxi industry: the antitrust suit by the cab drivers against the city and the two big cab companies, known as *Campbell* v. *Chicago*. Last year, Washington's corporation counsel, James Montgomery, devised a settlement. He proposed that the city would make 400 new taxi licenses available in the summer of 1984, another 500 on January 1, 1985, and an unlimited number beginning January 1, 1986. Moreover, the 1963 ordinance that froze market shares—the Daley brainchild—would be voided. In exchange for these reforms, he wanted the plaintiffs in *Campbell* to drop the city from their litigation (technically, this may have left the two cab companies as defendants).

It all sounded wonderful. The taxi industry would be opened up, the cab drivers would be victorious, and the city's officials would no longer have the specter of a multi-million-dollar damage suit hanging over them. But there was a snag—the city council. The proposed settlement required that the council pass an enabling ordinance. At this writing, however, that ordinance is tightly bottled up in the Local Transportation Committee, chaired by Washington's archenemy, Alderman Vito Marzullo. And because the ordinance will probably go nowhere, the Montgomery settlement is expected to come to naught.

Alderman Ed Burke, chair of the council's Finance Committee, argues that the proposed ordinance would result in higher fares. But Montgomery and Washington's Consumer Services commissioner, Jesse Madison, counter that fares will be reduced through competition by opening the marketplace to more independent operators.

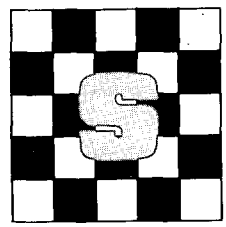
Checker president Jerry Feldman, whose grip on a market that handles an estimated 60 million riders yearly is threatened, contends that deregulation would flood Chicago streets with unqualified drivers. But records in the city Department of Consumer Services show that 9,434 men and women were certified in 1983 alone to drive taxis in Chicago—more than double the number of available license medallions.

A driver who doesn't own a medallion currently has two options. He may lease a cab and medallion on a daily or weekly basis from one of the major companies, paying $55-$58 a day for the vehicle, medallion, and insurance. Gas is extra. Or he may lease only the medallion on a weekly basis and drive his own car. In that case, the title to his car must remain in the name of Checker or Yellow, yet he must pay his own maintenance bills.

Drivers pay anywhere from $165 to $187 a week for the right to use the medallion, for which the cab companies pay the city only $200 a *year*. And indication of the market value of the medallions came in 1982, when Yellow and Checker sold 18 of their licenses to independent drivers for more than $13,000 each. The companies also received more than $1 million worth of bids on 80 other medallions before the city council prohibited further sales.

Few taxi drivers can afford to pay $13,000 for a medallion, even if the major companies would and could sell. Studies have shown that most taxi drivers in Chicago make less than $10,000 a year after expenses. Most of them work 12 hours a day, six or seven days a week. That means that on the average, they end up earning less than the minimum wage.

The same laws that indirectly exact such a heavy price from the average taxi driver are at the same time artificially protecting the taxi companies already in the field and long ago destroyed the competition that previously determined the optimum number of cabs in Chicago. Moreover, by fixing rates and otherwise legislating matters previously left to individual firms, the regulations virtually remove any incentive for companies to improve the quality of their service.



hould the taxi industry in Chicago be opened up to competition? Marcus Alexis of Northwestern University, who served on the federal government's Interstate Commerce Commission for three years, is convinced that it should.

Deregulation, he notes, would open up the number of licenses, thus reducing their cost. "People who like to be entrepreneurs in the industry would be able to do so at a reasonable cost." The effect for consumers? "The experience of other cities...has been that the effect is to provide more cab services for those who use them."

Alexis agrees with estimates made by Consumer Services commissioner Jesse Madison that a free market would raise the number of taxis in Chicago by 40 percent. Chicago currently has one cab for every 653 people. In a study sponsored by the Federal Trade Commission and released in May 1984, it was noted that an open-entry city such as Atlanta had nearly 3.5 times the number of cabs per 1,000 population as a restricted-entry city such as San Francisco. The average fare in Atlanta was a full dollar less for a three-mile trip.

In addition, Alexis notes, increasing

Although ordinances require that "every taxi be operated regularly," reporters found a daily average of 652 idle cabs.

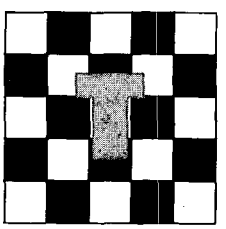
he number of cabs would increase their availability in low-income areas, which traditionally have poor service in cities such as Chicago. The study by the FTC supports the contention that poorer neighborhoods are hit hardest by the shortage of cabs. "Restrictions on the total number of firms and vehicles," it concluded, "impose a disproportionate burden on low-income people."

In Chicago, city-imposed limits on the number of cabs has meant that the relatively few taxis that are on the streets are found disproportionately in the affluent Near North Side, the Loop business district, and O'Hare International Airport, while vast areas of the poorer West Side and South Side are underserved or not served at all by taxis. And because Checker and Yellow are protected from competition, they need not worry about operating their full fleet so that they can serve the entire city adequately.

On the contrary, a scandalously large number of taxis remain idle in company lots across Chicago. In a four-day period last year, for instance, *Chicago Tribune* reporters found a daily average of 652 licensed cabs sitting idle at eight storage lots run by Yellow and Checker.

City ordinances require that "every taxi be operated regularly" to ensure public convenience. Failure to do so is supposed to result in revocation of a taxi medallion. "But we have to prove that the cabs were not used for 10 consecutive days for us to be able to take any action," says Chris Kelly, of the city's Department of Consumer Services.

Checker president Feldman claimed recently that only four percent of the company's fleet is idle daily, with another seven percent down for maintenance. He said the idle cabs discovered by the *Tribune* reporters may have been old vehicles kept for parts. When he was told they had medallions, Feldman said a lack of drivers may have kept them off the streets. But, as we have seen, there is no shortage of drivers.



he arguments regularly used by opponents of taxi deregulation in Chicago are undermined by the experience of other cities like Washington, D.C. In his book *The State against Blacks*, economist Walter Williams discussed the effects of an unencumbered taxi market there.

"The free market in Washington produces benefits for a large group of people," he noted. "First it produces business ownership or work opportunities for many semi-skilled workers, college students and others wishing to supplement their regular earnings. It provides higher quality services to consumers at lower prices. It also refutes the disorderly market, 'dog-eat-dog,' and congestion types of arguments used as justification for strict regulation in other cities."

Local restrictions on the taxi market "impose a disproportionate burden on low-income people," FTC investigators charged.

He notes that Washington, D.C., has the largest number of taxis per 1,000 population, which suggests that Washington taxi riders not only receive higher-quality service but that they get it at prices that are among the lowest in the nation. In 1976, his data show, Washington had 12 taxis per 1,000 population, compared to 2.5 in New York and 1.5 in Chicago.

With open entry, the Washington taxi industry consists of mostly self-employed people who work and conduct their business as they see fit. It is estimated that at least 50 percent of the taxi owners are part-time operators who work around their regular non-taxi employment. In addition, a number of taxi owners lease their vehicles to other individuals on either a full- or part-time basis.

Williams noted that as of 1979, there were about 8,400 taxi vehicles that operated in the District of Columbia, 90 percent of them owner-operated and 75 percent minority-owned. And according to a report by the House Committee on the District of Columbia, the results have been good.

"Passengers get a better and safer ride because of the driver's personal interest in his own taxicab," it pointed out. "This is not true in other large cities where meters are required and the operation of the taxi system is controlled by fleets. Because he is an independent businessman...the owner-operator has better equipment and exercises greater care than a driver who is not an owner. It is the independent cab drivers in Washington, D.C., who have given the city the best taxi service of any city in the United States."

Best or not, it is certainly better than service under the taxi monopolies prevalent elsewhere. Other cities can testify to that as well. One is San Diego, where the ceiling on the number of taxi permits was removed in 1979 and the city began issuing a fixed number of additional licenses each month. Regulations that controlled the fare structure were replaced by a fare ceiling so high that it was of little importance for most firms, who were freely discounting and bargaining on fares.

The Federal Trade Commission study last year noted that between 1979 and 1983, the number of licensed cabs in San Diego more than doubled, jumping from 409 to 915; the number of companies increased from 68 to 310; and the market share held by the largest firm fell from 68 percent to 31 percent. Average response time for radio-dispatched cabs fell from 10 minutes in 1978 to 8 minutes in 1980. The percentage of taxi riders who rated taxi service good or excellent increased from 75 percent (residents) and 86 percent (visitors) to 82 and 92 percent respectively between 1978 and 1980.

Another benefit of deregulation has been reported by Barbara Lupro of the city's Paratransit Administration. Average insurance rates for cabs have plummeted to about 20 percent below the national average, from more than $2,000 annually before deregulation to about $1,400 today—this despite the fact that San Diego requires significantly more insurance coverage for its cabs than most other American cities require for theirs.

Undoubtedly the lower rates are partly because of better auto maintenance and owner care spawned by competition. Probably, they are due partly also to the risk being more widely distributed. In any case, the San Diego experience belies a common antideregulation argument—that insurance would be unavailable or prohibitively expensive under decontrolled entry.

Of 103 cities the FTC studied from 1979 to 1984, 24 made major changes in their entry and fare regulations, with 16 relaxing entry restrictions, 17 relaxing fare restrictions, and some doing both. Some that have not joined the trend toward transportation deregulation, such as Minneapolis and New Orleans, have been faced with FTC lawsuits based on the *Boulder* doctrine—for good reason.

As the FTC study summarizes: "Experience with open entry and fare competition...has generally been favorable....The favorable aspects of open entry...include increases in the number of taxi firms and decreases in the market share of the largest firms, increases in the number of hours of cab service, reductions in fares and response times, and reductions in the amount of time city councils devote to licensing and fare setting."

In its litigation against Minneapolis and New Orleans, the FTC said that if these cities "did not have the challenged regulations, consumers would have more taxi service at less cost and with less waiting time." Timothy Muris, director of the FTC's Bureau of Competition, has quoted government estimates that taxicab deregulation nationwide would save consumers $790 million annually and create 38,000 new jobs.

Part of the mythology of government regulation is that it protects the average person—the consumer, the worker, the minority-group member who would not otherwise be able to fend off the depredations of the "big boys." Yet the entire history of taxi regulation in Chicago furnishes a powerful example of the falsity of this myth. From the start, regulation was a brilliant ploy of the big two cab companies (working in collusion with one of the most corrupt political machines in the country) who didn't want to be bothered with a free market. And the record is clear about who pays the price: taxi riders who pay inflated fares; the companies' own employees, whose wages are artificially depressed; blacks and Latinos living in the neighborhoods where legal taxi service is very rare; and out-of-luck entrepreneurs, often minorities themselves, who cannot afford to put up the money to buy a high-priced taxi license.

Perhaps the *Campbell* litigation or the Montgomery proposal, or even some combination of the two, will eventually break the monopoly. And if that happens, Chicagoans will learn what San Diegans and Washingtonians and residents of a score of other cities have learned: it's the free market, not regulation, that really gives the little guy a fighting chance. R

Daniel John Sobieski is a Chicago-based freelance writer.

The American public is largely uninformed about guns and crime, because the American media largely ignore the facts and figures.

Calling the Shots

By William R. Tonso

The September 20, 1975, issue of the *Nation*, a left-liberal weekly opinion magazine, ran an article entitled "The Demography of Gun Control." Its author, University of Massachusetts sociologist James D. Wright, struck a rather urgent tone. According to the article, the United States has far and away the most heavily armed civilian population in history; as a result, the United States tops all other industrial nations in injury and death resulting from crime. Therefore, Wright argued, the United States badly needs tougher gun controls—controls that, according to public opinion polls, the vast majority of Americans, even a majority of those who own guns, favors.

So why hadn't gun controls routinely been enacted? Wright answered that the National Rifle Association—the powerful "gun lobby" representing the hard-core, anti-control minority among gun owners—had been able to thwart efforts to enact such measures. In arguing for controls, Wright warned that this relatively small, unrepresentative minority had to be kept from subverting democratic processes. "Those 23,000 people who will otherwise be accidentally shot next year, not to mention the 8,000 who will intentionally be shot to death, will no doubt be grateful," he wrote.

Wright's discussion of gun control in his 1975 *Nation* article still reflects the assumptions held by many today, particularly among the media. Those assumptions are: the US citizenry is heavily armed; this extreme degree of civilian armament accounts for the high rate of violent crime; gun controls will significantly reduce violent crime; a majority of Americans favors highly restrictive gun controls; and only a powerful "gun lobby" is blocking the enactment of controls.

Significantly, Wright himself no longer holds all of those views. The metamorphosis of his position on gun control and related issues is an unusual story—and it reveals how

Illustration by David Necker

NECKER

deeply the above assumptions are embedded among the media.

Wright began to question his widely shared assumptions about guns and crime in 1978, when the Justice Department's National Institute of Justice (NIJ) presented the University of Massachusetts's Social and Demographic Research Institute with a grant to study the scholarly literature on the gun issue. The NIJ wanted to know what claims could reasonably be accepted—and what could not—concerning the link between guns and crime. Wright and his colleague Peter H. Rossi, both specialists in social-scientific methods, set out to answer the NIJ's question.

Wright and Rossi took three years to complete their exhaustive critical review of gun-crime scholarship, and in 1981 it was published by the NIJ under the title *Weapons, Crime, and Violence in America: A Literature Review and Research Agenda.* Two years later, in 1983, Wright and Rossi (along with a third coauthor, sociologist Kathleen Daly) published a slightly revised and updated version of the NIJ study, this one called *Under the Gun: Weapons, Crime, and Violence in America.*

So what did Wright and Rossi conclude as a result of their meticulous critical review? They found, to their surprise, that most gun-control studies, including those federal and otherwise that are regularly cited to justify the enactment of stricter gun controls, were very politicized and extremely poorly done. Sifting through the volumes of studies to separate findings supported through research from those not backed by empirical data, Wright and Rossi reached some specific conclusions: (1) Though there are millions of guns in civilian hands in the United States, there may be tens of millions fewer than are generally claimed both by advocates of stricter gun controls and by those who oppose them. (2) There is little reason to believe that Americans are engaged in a domestic arms race brought on by their fear of street crime, militant minorities, the breakdown of law and order, and general civil disorder. (3) Evidence that widespread gun ownership is either a cause, effect, or deterrent of crime is inconclusive. (4) While approximately two-thirds of all gun crimes in this country involve handguns, there is no conclusive proof (partly due to definitional problems) that "Saturday night specials"—inexpensive, easy-to-obtain, small-caliber handguns—are more likely to be used criminally than are other handguns, about half of which are acquired for sporting purposes. (5) While there is widespread public support for gun controls, the kinds of controls widely supported are no more restrictive than those regulating the ownership of automobiles and other "intrinsically dangerous objects"—in other words, there is little support for handgun bans or for undue restrictions on gun ownership. (6) There is little evidence to suggest that existing gun laws have reduced violent crime appreciably, if at all. (7) "The prospects for ameliorating the problem of criminal violence through stricter controls over civilian ownership, purchase, or use of firearms are dim."

Evidence that widespread gun ownership is either a cause, effect, or deterrent of crime is inconclusive.

As Wright acknowledges in *Under the Gun*, he began this study accepting "the progressive's indictment of American firearms policy," and Rossi had shared his views. But as they write in *Under the Gun*, "The more deeply we have explored the empirical implications of this indictment, the less plausible it has become." Incredible! Wright, the author of pro-control articles that have appeared in prestigious national publications and an established sociologist with six books and some 50 scholarly articles and papers to his credit, and Rossi, a past president of the American Sociological Association with 20 books and more than 125 articles and papers to his credit, *as a result of their critical exploration of the literature on the subject*, have both backed away from the pro-gun control position that is part and parcel of the intellectual establishment's conventional wisdom.

Such a shift in position on gun control in intellectual circles is unprecedented. And given the caliber of the researchers involved and the fact that their findings undermine almost all of the information on gun control regularly disseminated by the major media, it would seem that there is an important story in all of this—*if* the objective of the media, as stated *ad nauseam*, is to keep the public informed. So much for lofty mottoes!

As a sociologist with a particular interest in how the media treat the gun issue, I have followed it rather closely over the years, and in recent years I have kept an eye out for newspaper, magazine, and TV-news reports about Wright and Rossi's landmark study. What I have noticed among the major media is a near-universal disregard or quick dismissal of this study.

After the release of Wright and Rossi's NIJ study in late 1981, one of our two daily newspapers here in Evansville, Indiana, carried a brief United Press International report on the study under the head "Gun Study Results Are Inconclusive." The article was stuck back on page four. In less than 250 words it summed up so much that little sense could be made out of the study's findings. Within a few days of this newspaper report, I happened to be watching one of the evening national news broadcasts when the NIJ study was briefly mentioned. The TV newsman dismissed Wright and Rossi's thorough work with a scoffing comment to the effect that he could not imagine how the gun-crime link could be questioned. The only mention of this study in our other daily paper, as far as I am aware, came in my own letter to the editor in January 1984.

Since the release of the NIJ findings in 1981, media treatments of the gun issue (news reports, editorials, columns, TV specials, etc.) that I have read or watched run into the hundreds. But of these, only the Public Broadcasting Service's *Frontline* TV show, in its 1983 segment "Gunfight U.S.A.," has reflected any familiarity with Wright and Rossi's work. Wright, in fact, was one of several gun-control "authorities" interviewed for "Gunfight U.S.A."—and it may be significant that this *Frontline* segment is one of the very rare major-media treatments of the gun-control issue that has

questioned the utility and desirability of such measures.

If the pattern that I have observed locally holds for the rest of the nation, it appears that after an initial tiny splash of acknowledgement by some major and lesser urban newspapers and the TV networks, the NIJ study has hardly created a ripple in the standard, overwhelmingly pro-control, major-media coverage of the gun issue. A quick search through the *Reader's Guide to Periodical Literature* did nothing to dispel that conclusion. Neither did a phone call to Wright, last summer.

I asked Wright how his book *Under the Gun* had been received by the major media. He told me that with a few exceptions the book had been ignored, even though review copies had been sent to all of the major urban newspapers and to the news and intellectual magazines that regularly review books. So there is a very good chance that the great majority of Americans who are exposed to the gun-control controversy exclusively through the major and lesser urban media (newspapers, news and general-interest magazines, and the TV networks) have never heard of or know very little about a thorough study, conducted by reputable social scientists, that calls into question almost everything that these media disseminate regularly concerning the gun issue.

As a long-time follower of the media's treatment of the gun issue, none of the preceding surprises me. However, as I've acknowledged elsewhere, the major media's shutout of information and arguments that question the desirability of strict gun controls has not been complete. In fact, major-media dissemination of the views of the critics of such controls seems to have improved significantly since the late 1970s. A handful of TV segments have called gun controls into question, and anti-control or reasonably balanced articles and columns have appeared in publications such as the *New York Times*, *Harper's*, *Commonweal*, *Penthouse*, *Playboy*, *Esquire*, *Glamour*, and *New Woman*.

Yet the major media have a long way to go before their coverage of the gun issue could be considered even-handed. According to one anti-control organization, pro-control information and arguments get 37 inches of print to every anti-control inch in the print media and more than 7 minutes to every minute in the electronic media. And there is a certain tokenism about the media's occasional presentation of information and arguments that tend to undermine the pro-control position—with few exceptions such information and arguments seem to have little impact on the major media's everyday editorializing and reporting on the gun issue.

There is little evidence that existing gun laws have reduced violent crime appreciably, if at all.

When guns are the subject in question, the "reality" of the standard media seems to be based on three unquestioned—or even unquestionable—assumptions that coincide with the articles of faith of pro-control organizations: (1) Guns, especially handguns, are troublesome unto themselves, apart from the people who misuse them; therefore, (2) all reasonable and informed Americans want to do something about the "gun problem" as (3) other modern, urban, industrial nations have done through gun controls. These assumptions affect news coverage and commentaries directly, because they provide reporters, editors, columnists, and broadcast news directors with themes on which to build stories and editorials—"here is another case of gun crime," or "here is another case of responsible citizens trying to do something about gun crime," or "here is another case of the 'gun lobby' blocking needed gun legislation." Problems arise, however, when potentially reportable events, situations, or conditions cannot readily be interpreted in terms of these three articles of faith. The release of the findings of the NIJ study produced one such anomaly, and others come to mind.

If it is a given that guns are troublesome unto themselves, how are the media to cover a study that *criticizes* research claiming to have proven guns' inherent troublesomeness—especially when that study has been conducted by very reputable social scientists who supported stricter gun controls before they critically analyzed the scholarly literature on the subject? Here is an obvious anomaly that cannot be readily dismissed by labeling the researchers as stooges of the National Rifle Association. So because nothing much can be reported about this study without calling into question the unquestionable, nothing much *is* reported about it.

The early 1980s have produced many gun-control "events," some of which made headlines across the nation: the Morton Grove, Illinois, handgun ban via a village trustees vote (rather than a referendum) encouraged some other city governments to follow suit—and still others to follow the lead of Kennesaw, Georgia, and require residents to *possess* firearms. San Francisco banned handguns, but the ban was overturned on the grounds that it violated California's state constitution. A handgun-freeze referendum was defeated in California. And now there is a ruckus over the outlawing of teflon-coated bullets that can penetrate the soft "bulletproof" vests often worn by policemen. Yet, not only have the many pro-control editorials and columns commenting on these events that I have read shown no familiarity with Wright and Rossi, but many of the news reports of these events have reflected one or more of the three unquestioned assumptions.

For example, on January 11, 1984, the *Evansville Courier* carried an Associated Press news brief headed "Gun toting town has crime increase," which began: "Kennesaw, the first city in the nation to require residents to own and maintain firearms, was the only city in Cobb County with an increase in crime last year, statistics show." One armed robbery and one attempted rape (no gun involved) in 1983 increased crimes of this sort by 100 percent over 1982, and crime increased overall by 9 percent during this period, while county crime was decreasing by 5 percent. Thefts accounted for most of the community's crime increase. But as a well-informed reader pointed out through a letter to the editor, the AP story "failed to mention that in 1981, the year before Kennesaw passed its controversial law, there were 17 violent crimes in town: nine assaults, three rapes, four armed robberies and one homicide. In other words, violent crimes fell from 17 in 1981 to one in 1982, but then went up to three in 1983." And Kennesaw's dramatic decrease in residential burglaries from 55 in 1981 (before the law), to 19 in 1982 and nine in 1983 was ignored. Selective reporting helped to

maintain the guns-are-inherently-troublesome assumption.

On the other hand, three months earlier, on October 7, 1983, the *Evansville Press* carried a story by a Scripps-Howard staff reporter under the headline "Dire predictions of crime wave after handgun ban prove false." The article was about Morton Grove, of course, but what it did not mention was that the residents of that Chicago suburb had turned in only 17 handguns to the police at that time. How can the effect on crime of a handgun ban be determined if that ban has been widely ignored?

If guns are in fact troublesome unto themselves, what is to be made of Switzerland, where hunting and target shooting are very popular and where, aside from the weapons that citizens acquire for use in these sports, the government provides practically the whole able-bodied male population between the ages of 20 and 50 with military weapons for militia use? As Wright and Rossi found, the United States is not the only modern nation with a heavily armed civilian populace. And since Switzerland has hardly any gun crime and has not been involved in a war for ages, we have another anomaly. Though comparisons between the United States and other modern nations with respect to gun crime and gun control are commonly found in the media, little is said about Switzerland.

But sometimes the Swiss cannot be avoided. Recently, for example, syndicated columnist Sydney Harris wrote a piece in which he forthrightly took the guns-are-troublesome position. In a letter responding to that column, a reader brought up the Swiss. Rather than question the unquestionable, Harris indignantly tried to salvage his claims in a second column by arguing that the Swiss, though armed, keep strict control over the weapons in civilian hands and the government issues only rifles to militiamen.

Here we have another journalistic attempt at handling gun issue anomalies through shallow and selective examination. Actually, while the Swiss government keeps track of militia weapons and specifies how they can be used legally, sporting rifles and shotguns are subject to little regulation and civilian handguns require only an easy-to-get permit and registration. Obviously, none of these minimal restrictions can prevent the misuse of guns in civilian hands. The Swiss issue not only rifles to their militiamen; they issue whatever weapons are required by the individual militiaman's specialty—including fully automatic rifles and submachine guns (weapons difficult for American civilians to possess legally) as well as handguns. In other words, the anomaly does not go away—but it can be avoided through selective reporting.

If all reasonable and informed Americans want strict gun controls, how are the media to handle the sound defeat of a handgun freeze via referendum in California in 1982 and the more than 2-to-1 defeat of a handgun ban via referendum in liberal Massachusetts in 1976—the only two statewide gun-control referenda conducted to date? More anomalies, these are again handled by reporting as little as possible about the defeats. (The Morton Grove, Illinois, handgun ban via a 4-to-2 village trustees vote, by way of comparison, made headlines across the country.)

But to the extent that comments could not be avoided, the media routinely pointed to the powerful "gun lobby" as having thwarted the will of the people again. The issue of *Newsweek* that came out the day before the November 2, 1982, California referendum, when polls accepted by the media were claiming that the Proposition 15 vote was too close to call (it initially enjoyed 2-to-1 support), carried a two-and-a-half-column article about the handgun-freeze proposition. The post-election issue of *Newsweek* carried only a 5-line comment acknowledging the rejection of the proposition and implying that the "gun lobby" had bought victory. A few days before the election, one of our local dailies, possibly anticipating the defeat of the proposition, pointedly mentioned the millions of dollars that the "gun lobby" was spending to that end. After the election, one local paper briefly reported the proposition's rejection. Four months after Proposition 15's defeat, the *Wall Street Journal* carried a column by supporters of that proposition, who claimed that valuable lessons had been learned from this first statewide confrontation with the "gun lobby" (ignoring Massachusetts in 1976) and that gun-control victories were assured in the future.

According to typical media analyses of these referenda defeats, the "gun lobby" simply spent its way to victory. In California, for example, though estimates on expenditures vary, it is generally claimed that the "gun lobby" outspent supporters of Proposition 15 by a margin of three to one. But these media analysts seldom mention that while the opponents of the proposition had to purchase media time and space to promote their position, the pro-control forces had the almost unanimous free support of the California major media and even some free support from the national media. As University of Illinois sociologist David Bordua has noted, the 15-minute pro–gun control segment of *60 Minutes* that aired nine days before the Proposition 15 vote *alone* would have cost about $6 million at that program's going advertising rate. Opponents of the proposition spent a *total* of about $6 million to defeat the measure. Yet this point didn't make it into the major media's account of the events.

If all reasonable and informed Americans want strict gun controls, then it follows that only unreasonable or uninformed Americans—or those who have been misinformed by the "gun lobby"—are left to oppose such measures. Therefore, the major media typically deal with the anomaly created by the decisive rejections of the Massachusetts and California gun-control referenda by relegating a large portion of the eligible voters of Massachusetts (where 77 percent of voters turned out for a better than 2-to-1 defeat) and of California (where 72 percent of voters turned out for an almost 2-to-1 defeat) among the unreasonable, the uninformed, or the misinformed categories—particularly the last (despite the media's massive free support of these referenda).

But the anomaly still persists, for among critics of gun controls are many respected experts who have extensively researched one or more aspects of the issue and cannot easily be dismissed as being unreasonable, uninformed, or misinformed: Colin Greenwood, Cambridge University scholar and Superintendent of the West Yorkshire Metropolitan Police; Joyce Lee Malcolm, Harvard Law School authority on the English common law origins of the Bill of Rights; John Kaplan, the Jackson Eli Reynolds Professor of Law at Stanford University; Mark K. Benenson, New York attorney and past chairman and present legal advisor of the American chapter of Amnesty International; David Bordua, prominent University of Illinois sociologist; Don B. Kates, Jr., San Francisco civil-liberties attorney and ex-civil rights activist in the South; and, of

course, sociologists Wright and Rossi. Perhaps a handful of articles have covered some of the so-called liberal critics of gun controls. But the major media have yet to publicize the existence of this collection of extremely well-informed and impressively credentialed gun-control critics or to publicize the existence of the collection of devastating scholarly critiques of gun-control measures that these individuals and others have produced.

Neither have the national media seemed interested in publicizing the fact that 55 of 58 California sheriffs, more than 100 police chiefs, and 33 law-enforcement organizations opposed Proposition 15 in 1982. And the media have seemed puzzled by the fact that both the US Treasury and Justice departments oppose recently proposed legislation aimed at outlawing the armor-piercing "cop killer" bullet (which, apparently, has yet to kill or wound a cop). So puzzled, in fact, are the media, that in much of their editorializing against the National Rifle Association's opposition to this legislation, there is no mention of the Justice and Treasury departments' opposition. The anomaly created by reasonable, well-informed people's opposition to various gun controls remains—as does the media's way of coping with anomalies.

If other modern, urban, industrial nations (England and Japan are those generally mentioned) have solved their "gun problems" through gun controls, then what are the media to make of *Firearms Control: A Study of Armed Crime and Firearms Control in England and Wales*? Conducted by the aforementioned British police superintendent Colin Greenwood, it is the only thorough study of the effectiveness of gun controls in England and Wales done to date. Strict English gun controls were not enacted until 1920, and, according to Greenwood, "no matter how one approaches the figures, one is forced to the rather startling conclusion that the use of firearms in crime was very much less when there were no controls of any sort and when anyone, convicted criminal or lunatic, could buy any type of firearm without restriction." Greenwood's book was published back in 1972 by the highly respected publisher Routledge & Kegan Paul of London, and it has received quite a bit of publicity in the gun press in this country. But if the major media have ever so much as acknowledged the existence of this work, I am not aware of it.

And I have yet to run across a major-media commentary on gun crime or gun control in Japan that shows awareness of the fact that for various historical, political, cultural, and geographic reasons, the civilian possession of guns has never been widespread in that country. Cross-cultural comparisons of crime rates, always a risky business, abound in the media, of course, but seldom if ever is it pointed out that the murder rate among Japanese-Americans, who have easy access to firearms, is lower than the murder rate in Japan where firearms possession has never been widespread, or that the Japanese suicide rate is higher than the American rate, in spite of the fact that Americans have easy access to guns and the Japanese do not. Nor do the media have much to say about such countries as France, where, according to French firearms authority Michel Josserand, strict gun controls are widely ignored.

Despite the existence of abundant anomalies of this sort, the major media, by and large, continue to hold the assumptions that guns (especially handguns) are inherently troublesome, that Americans want laws to strictly regulate or even prohibit the civilian possession of guns (especially handguns), and that other modern nations have effectively regulated guns and reduced gun crime through such measures. What explains the persistence of these assumptions? Part of the explanation is simply that many media folk who report or comment on the gun issue know very little about guns and almost nothing about the wide range of legitimate uses to which guns, including handguns, are put. Neither do these individuals have more than superficial knowledge concerning the criminal use of guns. Anomalies may often be ignored, therefore, because reporters and commentators are honestly unaware of the existence of anomalies, and the assumptions that they accept do not encourage questioning.

But there seems to be something else operating among the media in addition to basic ignorance—something that is far more disturbing. *Gun Week* editor Joseph P. Tartaro has compared the media's reaction to scholarly gun studies by Wright, Rossi, and others to the Roman Catholic Church's reaction to Galileo's work. "Given the opportunity," Tartaro recently wrote, "many journalists of print and electronic genre would still like to see science and scholars who disprove their superstitions burned at the stake. In many cases, they have excommunicated such thoughts and thinkers from the news church by exorcising them from their pages and broadcasts."

I suspect that those individuals to whom Tartaro refers can be divided, though not neatly, into two groups, both of which are part of the gun-control movement. One group is composed of sincere reformers, to whom the three assumptions about guns are articles of faith, part and parcel of the urban, upper-middle class (or aspiring upper-middle class) world view that appears to permeate media and intellectual circles in general. These individuals truly believe that the world would be a better place without guns—and as is commonly the case with "true believers" and prohibitionists, they do not care to have their views challenged.

The other group is composed of elitists who themselves have nothing against guns but who want to keep guns out of the hands not only of criminals but of the potentially troublesome common man. The evidence suggests that neither media reformers nor media elitists balk at creative, or at least selective, reporting or editorializing on the gun issue.

Whether the scandalously distorted media coverage of the gun issue is primarily the product of honest media ignorance, reformist zeal, elitist tendencies, or some combination of all of these, the end result is one that should alarm those who care about a free society. After all, the "gun issue" is nothing less than a national debate over the ownership of the means of protection. ◻

Neither media reformers nor media elitis balk at creative, or at least selective, reporting or editorializing on the gun issue.

William Tonso is a professor of sociology at the University of Evansville (Indiana) and the author of Gun and Society.

VIEWPOINT

Tragic Morals

BY THOMAS HAZLETT

Living in the 20th century—in the shadow of Hitler, Stalin, Mao, Pol Pot, and the Ayatollahs—has the depressing side effect of dulling one's senses to the more mundane manifestations of moral issues. Our exercise of moral judgment is resuscitated any more only when a great and incomprehensible tragedy occurs. And it helps to have the right villain.

The Union Carbide chemical-plant disaster in Bhopal, India, late last year offered such an opportunity for introspection. The horror of a death cloud chasing down more than 2,000 Indian lives aroused the world's conscience.

Today, the professional arm of conscience is the trial lawyer, and no sooner had the ashes of Bhopal detoxified than the adeptly conscientious Mr. Melvin Belli was on the scene as Great White Father to the victims of multinational corporate exploitation. Appearing with Mother Theresa to visit the plaintiffs, Belli deemed the disaster "a nuclear holocaust to a small degree." And fellow American lawyer Federico Sayre raged: "Products banned in the United States have been shipped to the Third World so that some unbridled capitalist can make a profit."

On the home front, an outburst of moral indignation was not far behind. Writing in the *Los Angeles Times*, environmentalist Richard Asinof was quick to quote the US Minister of Morality, Jesse Jackson: "Suppose the Russians were doing to us what we are now allowing corporations to do to us," intoned the confidant of Third World dictators. "We would make speeches and mobilize our army saying that Russia has no right to pollute our air and contaminate our water and poison our vegetation. In fact, nobody has that right."

Syndicated columnist David Broder even took the message as an omen: 1985 will be the year of "an upsurge in anti-business sentiment." The moral of the story was equally clear: insufficient governmental supervision. "There are bound to be human costs in the easing of government regulation of high-risk industries, from airlines to chemicals to mining. Anyone who doubts that does not understand the history of abuse of workers, customers and neighbors that brought on the regulations in the first place."

But for all the intonations about capitalist irresponsibility at Bhopal, the gas explosions at San Juan Ixhuatepec, Mexico, last November made it clear that human suffering is more easily discounted when happy Americans cannot pontificate so righteously. Killing at least 452 and injuring over 4,000 more, this was the worst industrial accident in Mexican history. But this time, the culprit was Pemex, the government-owned oil monopoly.

"OH, NO—ANOTHER DISASTER..."

There was no Belli, Broder, or Jackson rushing forward to speak for these victims of government irresponsibility. In fact, there may be *no* one to speak for them at all, for Mexican courts cannot force publicly held Pemex to make restitution to victims and heirs. In this, Mexican law follows Indian and US law, making bureaucratic responsibility a bad joke. Yet the Moral Authority will rest assured that these good people were not victims of corporate greed.

A more careful examination of the Bhopal incident suggests that both it and the Pemex disaster were the result of bureaucratic idiocy. According to the *New York Times*, the Indian government required that the entire chemical plant be staffed by Indian technicians, despite a 1982 audit showing Indian-worker performance beneath American standards. In fact, Indian contractors built the facility according to design and operation rules enforced by the Indian government. Union Carbide may have had 50.9 percent of the stock shares, but it certainly did not control what Indian bureaucrats had plans for.

Yet the responsibility of faceless bureaucrats is... faceless. That the Indian government moved thousands of squatters onto public land surrounding the plant, leading them to their deaths, will not be litigated—nor will the regulatory insanities that produced the gas leak. And the government's safety inspectors will never be tried by the government's courts.

What Union Carbide, the capitalist, brought to India was its technology—how to manufacture pesticides so that Indians can grow more food. *New Republic* senior editor Michael Kinsley has pointed out that the Ethiopians would certainly welcome a Union Carbide pesticide factory.

But Mr. Belli speaks for the Moral Authority when, at press conferences around the globe (he made time for publicity stops in Tokyo and New Delhi on his pilgrimage to Bhopal), he expanded upon Jesse Jackson's theme of criminal capitalism. For these preachers, ideology is both a consumption good and an investment good: attacking corporate greed makes the pontificator feel redeemed—and it makes for a fat contingency fee (or front-page photo opportunities), career-wise.

But the victims of tragedy around the world derive no such cheery benefits. For them, government irresponsibility is the unindicted felon who can grin at the jury with impunity. These tragedies would be less condemning of modern man if we could resist Mr. Broder's reflex to instantly whip out a column on the dangers of underregulation. If we are to allow criminally negligent bureaucracies to inflict terror upon their populaces, shouldn't we at least suppress the temptation to worship them?

Contributing Editor Thomas Hazlett is an economist at the University of California at Davis and senior editor of the Manhattan Report on Economic Policy.

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Revenge of the Savings Nerds

BY MARK SKOUSEN

Lights! Camera! Action! If the financial history of the first half of the 1980s were to be made into a movie, it could be called "Revenge of the Nerds." The stars would not be the gold bugs, Wall Street insiders, or real estate tycoons who made it big on the screen in the 1970s. No, the hot property of the 1980s is—drat it all!—a two-bit old-timer from the 1950s and 1960s. The "nerds" have returned to glory.

The nerds, as the investment firm Merrill Lynch recently explained, are the millions of Americans who put their hard-earned savings into low-paying passbook savings accounts and bank certificates of deposit (CDs). All through the late 1960s and '70s, these traditional savers saw their money ravaged by inflation and Regulation Q, by which the government kept a ceiling on the interest rate offered by banks. But now, after suffering years of embarrassment at cocktail parties and business lunches, the nerds became the new celebrities. Thanks to high deregulated rates and an anti-inflation policy by the federal government, they can hold their heads high. (The only exception are the traditional savers who finally gave up, withdrew their savings in 1980, and bought gold at $850 an ounce—they're the new nerds!)

Believe it or not, the top-performing investors for the first half of the 1980s are the traditional savers who continued to squirrel away their money—in money market funds, bank deposits, and Treasury bills. Savings accounts have outperformed gold, silver, commodities, stocks, bonds, and collectibles—even real estate—from 1980 to 1985. The high-interest-rate, low-inflation environment has made a bank savings account a good investment again.

What! Hard-money investment advisor Mark Skousen is advocating bank CDs? That's right. That's because there have been several fundamental changes recently that have made money funds and bank deposits a decent investment for the 1980s. These trends are likely to continue for several more years.

The 1980s have been characterized by three trends. First, there's *low inflation.* Despite record federal budget deficits, banking crises, and continued expansion of the money supply, price inflation has declined to 5 percent or less.

Surprisingly, this "low inflation" environment could stay with us for several more years. This is because, for the first time in monetary history, the Federal Reserve under Paul Volcker seems determined to keep inflation under control. The growth in the money supply, albeit volatile in the 1980s, has been sufficiently moderate on average to keep inflation from returning to the double-digit range of the late 1970s. Admittedly, there have been periods of sharp increases in the money supply, but they've been short-lived, followed by a restrictive monetary policy.

There is no evidence that the Fed is about to reverse its anti-inflation policy for the long term. The fact is that if the Fed expands the money supply too rapidly, Wall Street reacts very negatively—stocks and bonds drop like a rocket when a huge increase in the money supply is announced. According to the theory of rational expectations, which has recently gained considerable attention, the old Keynesian prescription of inflating the money supply to stimulate the economy won't work anymore—too many people have caught on to the game.

A second factor in the 1980s' investment climate is *high interest rates.* The main reason for persistently high interest rates is the *fear* of double-digit inflation, fueled by uncontrolled federal deficit spending. Bond holders demand compensation—higher interest rates—for the future depreciation of their money.

Frankly, I think it's very doubtful that Congress will gain control of government spending. Consequently, the government will continue to squeeze the private capital markets, keeping interest rates artificially high.

Third, we've had *a boom-bust economy* in the '80s. With high federal deficits and occasional banking crises, the Federal Reserve has engaged in a stop-and-go monetary policy. One year monetary policy is loose, the next it's tight. This has resulted in a boom-bust economy and a volatile climate for stocks, bonds, gold, and other speculative vehicles.

In sum, the phenomenon of low inflation, high interest rates, and a boom-bust economy will not disappear any time soon. As long as that is the case, savings accounts will be the most secure investment for the 1980s. The conservative investor should keep the majority of his portfolio in safe money market instruments, such as money market funds, bank money market accounts, and FDIC-insured certificates of deposit. (Most investors would include Treasury bills in this category, but I can't recommend lending money to an irresponsible government—but that's the subject of a whole column of its own.)

Stocks, including gold shares, belong in your portfolio only as a short-term trading vehicle, when the market looks favorable. Be prepared to unload immediately when market conditions change.

Where can you earn the highest yield on bank accounts and CDs? According to Bob Heady, editor of the newsletter *100 Highest Yields,* it pays to shop around. You can earn 2-3 percent more than the national average on CDs or money funds by checking out the competition. Banks in California and Texas, for example, tend to pay higher rates than banks in other states.

To get the names of banks and savings institutions that pay the highest yields, you can get a trial subscription (4 issues) of *100 Highest Yields* for $10 (P.O. Box 402608, Miami Beach, FL 33140). This weekly newsletter ranks the top 100 banks and S&Ls in the country for highest yields on money market accounts and bank CDs.

If you want liquidity as well as safety, I recommend a money market fund. One of the most consistent high-yielding funds is the Kemper Money Market Fund (P.O. Box 1557, Kansas City, MO 64141, 800/621-1048 or 816/474-8520).

Well, movie lovers, I'm afraid "Revenge of the Nerds" won't be a smash hit. Let's face it—bank CDs and money funds may preserve your capital, but they will never be the hot topic at a cocktail party. Nerds never were the life of the party, anyway. No hot-shot wheeler-dealer is going to call you aside and whisper "money market fund" in your ear. Ho hum.

Mark Skousen is a financial author who lives with his family in the Bahamas. He is the editor of the investment newsletter Forecasts & Strategies.

A Different Kind of Opposition

BY PATRICK COX

Philippine politicians by the score are posturing to inherit the posthumous influence of opposition leader Benigno Aquino, assassinated in late 1983 when he returned to the country. Often, those who would replace "President for Life" Ferdinand Marcos are philosophically indistinguishable from him. But one reluctant leader, Aurora Pijuan-Manotoc (Pee-won Man-OH-tock), is different.

A successful model, she won the Miss International contest in 1970, after which she began a career starring in films and television. In 1971 she married Tommy Manotoc, a celebrated professional athlete. The jet-set couple seemed to fit in well in Manila. Their circle of friends included the powerful and the children of the powerful, among them the daughters of Ferdinand and Imelda Marcos.

Even then, Pijuan-Manotoc seemed incaple of political discretion. She spoke freely about her dissatisfaction with general government corruption and intervention. In addition she spoke out against the censorship of films. Summing up her views, she says, "No one has the right or the ability to tell an adult what is good or bad for him or her."

Pijuan-Manotoc eventually turned her attention to business and continued her education, studying math, business, computer programming, and law. She started several successful restaurants, a real-estate brokerage firm, and a labor recruitment agency that supplied workers to companies in the Middle East.

The public saw her as a glamorous figure, not a political power. That all changed in 1981 when her husband obtained a Dominican Republic divorce and married Imee Marcos, the daughter of Ferdinand and Imelda Marcos. To comprehend the profound implications of the event, it is necessary to understand that the Philippines is a most Catholic country. There is no legal divorce. To make their daughter's marriage legal, the Marcoses declared a Philippine annulment of Pijuan-Manotoc's 10-year marriage.

Her reaction sparked further controversy. First, the press quoted her saying that she did not require monogamy of her husband and that she would take him back. Then she fought for a divorce so her children would not be legally illegitimate. Though the struggle was doomed, her articulate criticism of legal hypocrisy brought her serious attention.

According to Pijuan-Manotoc, the Philippine Rotary Club asked her to address an important meeting, "almost as a joke." If they were expecting entertainment, they were disappointed. She delivered a brutally honest assessment of the Marcos government, in an address that could have been given by one of her heroes from Ayn Rand's individualist novels.

AURORA PIJUAN-MANOTOC

Pijuan-Manotoc's simple, individualist analysis was received by millions of Filipinos as that speech and others of hers were reprinted over and over. Still, she probably would have gone quietly back to her businesses if the Aquino assassination had not polarized the nation and brought journalists from all over the world to the Philippines.

Pijuan-Manotoc was sought out by the press for the candid statements she is famous for. Without seeking it, she had become an opposition leader. She founded and then resigned from a national women's organization when the group abandoned its goal of fostering concern among Philippine women for justice and liberty and began to endorse candidates.

Only months before last year's national elections, she had not decided whether she should condone the election process by voting. But a crucial assembly race in Manila's business district—Makati—was still uncontested. In frustration and anger, she declared her candidacy.

First Lady Imelda Marcos was outraged. She interpreted Pijuan-Manotoc's candidacy as a personal insult and condemned her repeatedly. Few businesses were willing to donate to her campaign fund, fearing retribution from the incumbent, a long-time and trusted ally of President Marcos. The *Christian Science Monitor* characterized the election as he one race that the government "could not afford to lose."

Pijuan-Manotoc expected ballot fraud on the part of the ruling party but was warned not to monitor the election. In fact, early results showed her winning by a clear and impressive margin. But in the last minutes before the polls closed, her top aide was killed by a bullet between the eyes while monitoring an important precinct, and the government-backed candidate surged ahead to win.

Within days, Pijuan-Manotoc moved to the San Francisco area, purportedly for the sake of her children. She is speaking to Americans now, telling them things like, "Why don't you just keep your money. Americans are taxed to death to kill Filipinos. The Philippine Islands could be another Hong Kong if people were free to pursue their own interests. Please invest in my country, but stop supporting the government with foreign aid."

Pijuan-Manotoc would like to start an institute to educate Filipinos and Americans about the effects of government intervention. "Many Americans have an offensive, condescending attitude that the people of the Philippines cannot run their own affairs," she notes. "The result has been an intervention that has made many enemies for America. When capitalism means that the government uses laws to protect special-interest groups and its friends at the expense of everyone else, many look for alternatives to capitalism and the American alliance." Yet Pijuan-Manotoc believes this is unfortunate, because the Philippines needs a free-market system to prosper.

To date, she has been unable to start an institute, because Philippine government policies make it virtually impossible for her to export dollars from her investments. She is biding her time, working in a San Francisco-area gas station.

Patrick Cox is a free-lance writer.

Life & Liberty

Individualism With a Beat

By William Kauffman

Now that the dust has settled on 1984, we can take stock. Friends of liberty might be tempted to write off the year behind us as a 366-day stroll further down the road to serfdom. Actually, though, the spirit of American individualism was alive and well in those twin temples of youth, the movie theater and the concert hall.

Hollywood, long excoriated by the political right as eager propagandists for left-liberal causes, gave us *Ghostbusters* and *Splash*, a pair of wildly successful teen comedies with anti-government subthemes; as well as *Red Dawn*, John Milius's interesting paean to anti-Soviet guerrilla warfare.

Rock 'n' roll was no less fecund. Punk rock, or what's left of it, remained a combustible admixture of anarchism and suburban restlessness, ignited by militantly anti-authority bands like TSOL (True Sounds of Liberty) and Husker Du. Even heavy metal produced raucous screw-you anthems like Twisted Sister's "We're Not Gonna Take It" and Sammy Hagar's "I Can't Drive 55."

But the year's most fascinating development in popular culture was the release of new albums by mainstream rockers (and best friends) Bruce Springsteen and Little Steven Van Zandt. As suggested by the albums' titles—*Born in the USA* and *Voice of America*, respectively—they are the work of two deeply patriotic men trying to reconcile an ineffable love of the homeland and its bountiful promise with the often discouraging realities of life in the land of the free. Much like many of REASON's readers, I would guess.

Voice of America is the most explicitly political album in memory. Van Zandt stakes out his territory early. Side one opens with the anthemic title cut, a lamentation of lost national virtue:

> We knew right from wrong once upon a time
> Everything we stood for has been compromised.*

The song ends with Van Zandt recapturing the flag and defiantly asserting, "We're the Voice of America."

That voice proceeds, over the course of the next nine songs, to reject the depredations and militarism that discolor our recent history, while gloriously reaffirming the beauty of the Founders' vision of a free and peaceful America. "I want justice," screams Van Zandt in the second song, and his gut-wrenching delivery makes us believe his vow to "be here fighting till the day I die."

Next come a pair of anticommunist numbers unlikely to pop up on Pete Seeger's play list, the bouncy "Solidarity" and the elegiac "Checkpoint Charlie." The latter, bemoaning not only the cursed Berlin Wall but also Western indifference to it, is a stunner. Agoniz-

ingly slow, dirge-like, "Checkpoint Charlie" is at once a stark indictment of the free world—

> Why do we let it happen
> Or is it that we don't mind
> Somebody bein' punished for their fathers' crimes*

—and an expression of hope in a situation universally acknowledged to be hopeless.

Side one closes with "Out of the Darkness," a ringing tribute to the redemptive power of love in a dangerous world, and before you can ask, "What ever happened to Joan Baez?" Van Zandt is at it again on side two, paying homage to the peasant victims of Latin American death squads in "Los Desaparecidos." Two lesser songs follow, the ambitious "Fear" and the sanguine "Among the Believers."

Sandwiched between is the crown jewel of this remarkable album, the simple reggae song "I Am a Patriot." No, that's not a typo. Van Zandt gave us, in a year whose political boundaries were demarcated by the bombastic nationalism of the self-proclaimed America's Party on the right and the Rev. Jesse Jackson's odious Third World socialism on the left, the most authentically patriotic song since Woody Guthrie saw the redwood forests. With utter lack of self-consciousness, he sings,

> I am a patriot
> And I love my country.*

Van Zandt ends this wondrous song with a statement of principles fitting for an album that features sketches of Thomas Jefferson and the Statue of Liberty on its back cover:

> And I ain't no communist
> And I ain't no capitalist
> And I ain't no socialist
> And I sure ain't no imperialist
> And I ain't no Democrat
> And I ain't no Republican either
> And I only know one party
> And its name is freedom
> I am a patriot.*

Voice of America closes with "Undefeated," a rousing ode to isolationism that could get the Old Right of the 1940s up and dancing:

> Ain't no peace with honor baby
> No matter what you hear
> Ain't no peace with honor baby
> Until we disappear.*

Bruce Springsteen, Van Zandt's best buddy, has fashioned his own celebration of the land of Jefferson on the album *Born in the USA*. Less overtly political, Springsteen explores the parlous state of individuals in a nation whose government seems to have forgotten just why it was instituted in the first place.

Born in the USA marks the ninth anniversary of the release of *Born to Run*, the album that established Springsteen as the new _____(fill in the name of your favorite tough-tender punk poet). What a difference a decade makes. *Born to Run* glorified the greasy street tough with a heart of gold and offered a vision of the vibrant, cacophonous, violent, neon-lit backstreets of the inner city as the promised land. A car and a guitar were the keys to the kingdom.

Springsteen's characters on *Born in the USA* (as well as last year's haunting *Nebraska*) have deserted his asphalt playgrounds and, like Huck Finn and Sal Paradise before them, seek liberation in the untamed South and West. Indeed, in his most unrestrained, exuberant moments ("Darlington County," "Working on the Highway"), Springsteen reminds one of the late, great individualist novelist Jack Kerouac.

But unlike Kerouac, Springsteen em-

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phasizes the life-giving functions of thoroughly middle-class values like hard work and family ties. Deprived of these moorings, either by chance ("Downbound Train") or by the government ("Born in the USA"), a person is doomed to an aimless, peripatetic existence. Freedom, in Springsteen's hands, no longer means the absence of responsibility. On the contrary, the characters on *Born in the USA* want nothing more than the opportunity to settle down, assume their responsibilities, and live their lives free from interference. All too often, though, the pursuit of happiness is interrupted, whether by conscription or the cops.

Critics in the cultural vanguard have attacked Springsteen for adhering to such arrantly old-fashioned notions, some even sniffing that it's redolent of the American Dream nonsense. Get married, work hard, be loyal to your friends and family, maybe raise a little hell Saturday night at the union hall or the local pub—not exactly the stuff dreams are made of? Let Springsteen speak for himself in the peroration of "No Surrender":

> I want to sleep beneath peaceful skies
> In my lover's bed
> With a wide open country in my eyes
> And these romantic dreams in my head†

Isn't that what the USA is all about?

William Kauffman is a graduate student in political science at the University of Rochester.

How to Use the Media Before the Media Use You

By David Brudnoy

"The media are biased." Since I have forged my career in broadcasting, it's an accusation I frequently encounter. And the criticism is warranted. Not *all* media outlets, print or broadcast, are biased, nor biased in the same way. But what passes for "objectivity" is often just a veneer—a thin layer of good-looking deception spread over something else entirely.

The media are not biased, however, in the overtly political sense that most of its critics imagine. My own experience has convinced me that if the media show a bias in favor of, for example, liberalism, as many conservatives insist, it is because liberals know how to use the media. In short, they know how to cater to the *real* biases that operate in the media: biases on television in favor of the kinetic (that is, action) over the static (that is, intelligent analysis); biases in large urban dailies and on television and radio in favor of minorities that are sufficiently affirmative-actionable; and biases floating through the hinterland, in print and broadcast media alike, in favor of regimentation in social behavior and restrictions on individual liberties.

I began my own broadcast media career explicitly informed (by a friendly mole at the nation's most prestigious "public" TV station, WGBH) that I had been taken on in order to fend off Spiro Agnew—that is, to "prove" that WGBH-TV wasn't liberally biased, by parading a conservative in front of the camera. This experience confirmed my belief that there is room in the regulated media for all types, and even room in the unregulated print medium for many types.

But it is liberals who have had the most success in using the media before the media used them. Communists and avowed militant socialists are a bit dicey even for the contemporary American media. Conservatives often seem too stuffy and tongue-tied. Libertarians and others insufficiently easy to categorize by people who know only conservative and liberal, seem, well, too odd. Only liberals are fully comprehended by the media in an America that has been more molded by what is today called liberalism than by any other "ism."

Getting a wider range of opinion and a more-informative range of facts across the airwaves to American TV and radio audiences would be worthwhile for that audience and gratifying for those who have felt excluded from access to those media. A liberal bias does prevail, but, from an insider's standpoint, there *are* ways to get other viewpoints heard or seen.

The most important consideration is the nature of the broadcast media bias: it is *not* primarily political. Instead, it is a bias in favor of action, hubbub, noise controversy, and familiarity in ideas. Kinetic excitement coupled with familiar slogans and premises warm the hearts of those who decide what does and what does not get air time. There's no point in offering ideas at a soporific press conference, when across the street a "welfare rights" organization is demonstrating on behalf of another handout.

Energetic is better than static. A

(Continued on page 64)

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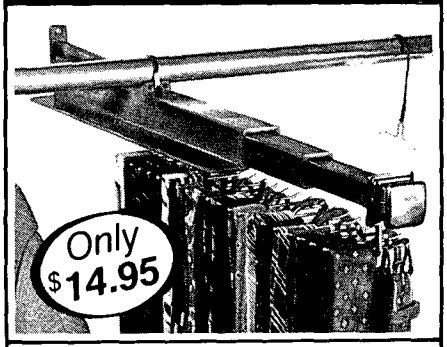

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The Book Case

The Entrepreneurial Solution

Business Plan for America: An Entrepreneur's Manifesto
By Donald Gevirtz
New York: Putnam's
199 pp. $15.95

Reviewed by Warren Brookes

Seasoned individualists understand that there is as great a danger to freedom and individuality, and therefore economic dynamism, from Corporate America as from Big Government. More often than not, it is Corporate America that has encouraged the expansion of government and the regulation of commerce—to its own advantage, but to the stagnation of innovative growth. The corporate income-tax system has quite literally been designed by corporate lobbyists. Not surprisingly, it promotes conglomeration and punishes the entrepreneurial spirit of small business.

This is why Donald Gevirtz's book, *Business Plan for America*, is such a welcome contribution to the economic debate now raging in America. It reminds us that the vitality of our economic system is rooted in individual freedom. At the same time, it reminds us that corporate giantism is on the same deadly road to Leviathan as the socialist planners, who love the corporation's socializing potential.

As William Schambra noted at the American Enterprise Institute's December 1983 annual policy conference, "The tremendous new corporations created by the combination of modern technology and scientific management held out great promise in the minds of many 'New Nationalist' progressives. Walter Lippmann argued that the new corporation was the 'welcome beginning of a collectivist organization' holding out the 'possibility of cooperation' in place of the 'wasteful, planless scramble of little profiteers.' "

Yet without that "wasteful, planless scramble" Donald Gevirtz wouldn't have a story to tell, and the American economy would have created virtually no new jobs over the last 15 years, instead of the nearly 27 million it has created. Indeed, as Gevirtz points out, the Fortune 500 companies actually lost nearly 2 million jobs between 1970 and 1983. Unlike so many other participants in the industrial policy debate, Gevirtz does not interpret this decline as evidence of the need for government planning. Instead, he points out that "those Americans working in smaller-scale businesses with fewer than 250 employees climbed to nearly 70 percent of the total work force."

The plain truth, as Gevirtz's book makes abundantly clear, is that without the stunning revival of the small-business entrepreneur, this country would still be in the double-digit unemployment doldrums that have trapped Canada, the United Kingdom, and most of Europe. This revival actually began with the famous Steiger Amendment in 1978 that cut capital-gains tax rates from a high of 49 percent to 28 percent and was reinforced by the Reagan tax cuts of 1981.

America's high-tech boom has been fed almost entirely by the individual entrepreneur.

Perhaps this focus on small businesses is not surprising coming from an individual who, as chairman of a commercial finance company, has helped capitalize over 15,000 small and medium-sized companies. But Gevirtz's approval of tax cuts and distaste for industrial planning is at least curious given his long-time close association with the Democratic Party. He was one of only two members of a high-level Democratic Party committee to oppose a 1984 recommendation that the federal government create a fund to help depressed industries.

Standing fast against a so-called industrial policy for America, Gevirtz urges instead that the country's entrepreneurial spirit be encouraged to flourish through less, not more, government economic planning. To support his case, Gevirtz notes that while "capitalism in most countries, notably Great Britain, France, and Germany, has become increasingly dominated by a fixed industrial aristocracy, in America, the individual entrepreneur has continued to challenge the well-heeled, firmly entrenched economic hegemony." Since 1980, including the deep and paralyzing 1982 recession, the United States has witnessed the formation of 2.4 million new businesses (using statistics through July of 1984). This is 25 percent more than even the extraordinary 1977–80 period and is the primary reason why we have seen nearly 7 million new jobs created during the current recovery.

In fact, right through the 1980 and 1982 recessions, the Small Business Administration found that companies with less than 20 employees enjoyed a 9 percent growth in employment and companies with less than 500 employees a 4 percent growth, while companies with more than 500 employees suffered a nearly 2 percent employment drop.

All of which is to say, as Gervitz does so well, that the strength of the American economy today is more than ever the result of our traditional entrepreneurial spirit. Like supply-side economics, which focuses on the relationship between policy and individual incentives, this focus on the entrepreneur is a refutation of the "macroeconomic" view that has dominated the American "liberal" left for so long.

Gevirtz reminds us in *Business Plan for America* that the original economic dinosaur, John Kenneth Galbraith, wrote in 1952: "There is no more pleasant fiction than that technical change is the product of the matchless ingenuity of the small man forced to employ his wits to better his neighbor. Most of the cheap and simple inventions have, to put it bluntly, already been made....A benign Providence has made the industry of a few large firms an almost perfect instrument for technical change." Another New Deal statist, David Lilienthal, warned that "as a nation we cannot live in the world of economic folk dancing and basket weaving and simultaneously in the world of the big productive machine....Size is our greatest single asset."

As Gevirtz points out, these economic neanderthals were quite content to ignore warnings both from their right and from their left. On the right, economist

Joseph Schumpeter predicted that the rise of the giant corporate bureaucracies would mean a "decline in the entrepreneurial function" and would dilute the normal process of "creative destruction" of old and inefficient plant. Austrian economist Friedrich Hayek noted that "technological progress in these last 80 years has occurred almost exclusively in the nonsocialist countries, and the former industrially advanced countries that have become socialistic have lost their technological leadership...."

On the left, Lenin noted early on that "the strength of capitalism lies in the strength of its small business enterprise...." Gevirtz infers that both Schumpeter and Lenin were far better predictors of the future than Galbraith or his Keynesian colleagues on the left.

Even as those industries dominated by "bigness" (autos, steel, plastics, etc.) began losing world market share at a dramatic rate in the 1970s, America's high-technology boom was being fed almost entirely by the individual entrepreneur. Under the influence of cuts in capital-gains taxes, America suddenly became again the venture-capital headquarters of the world.

Even that "industrial policy" guru, Paul Tsongas, formerly of the US Senate, was forced to admit recently in an astonishing discourse on the Senate floor, "that one bill, the Steiger Amendment, which I did not support, did more for the economy of my state of Massachusetts than all the things I voted for since I have been in Congress." It was a devastating admission that the incentivist and "micro" approach of the supply-siders was a far more potent means of producing real economic change than all the "fine-tuning" macroeconomic models of the Keynesians.

Unfortunately, Tsongas's recent Damascus-like conversion to entrepreneurial capitalism was not shared by his intellectual counterparts at Harvard, Robert Reich and Ezra Vogel, who have become the Galbraiths of the (fortunately) abortive "industrial-policy" movement of the 1980s. Vogel even suggested that "Japan with its group orientation, more recent emergence from feudalism, and government-led modernization has developed solutions for these problems [of economic stagnation] that America, with its more individualistic...history might never have invented." And Reich, in his industrial-policy manifesto, predicted miasmically that "it is becoming clear that America's economic future depends less on lonely genius and backyard inventions than on versatile organizations."

Yet all around Vogel and Reich, the economy of their own home turf, Massachusetts, is proving how wrong these advocates of industrial policy really are. The Massachusetts economy has been totally transformed, not by organization or governmental programs, but by literally hundreds of "backyard" inventors, software geniuses, and technological mavericks who have created burgeoning companies with hundreds of millions in sales, none of which even existed five or ten years ago. And they were spurred on not by the growth of government but by an unprecedented 23 percent *decline* in the Massachusetts overall tax burden, the direct result of a major tax revolt that the high-tech industry itself had fostered!

Even as total state and local government payrolls plunged by 35,000, the Massachusetts employment ratio soared to its highest point in history (and in the free world) at 64 percent of adult population, 4 points higher than in Japan, with an unemployment rate of only 4 percent. The Massachusetts High Technology Council had become the most vigorous critic of the industrial-policy illusions of the state's liberal establishment and the biggest thorn in Gov. Michael Dukakis's side.

Ironically, of course, the Japanese understand this. Not only does Japan have the lowest tax burden in the industrial world, with no capital gains tax, but one of its leading thinkers, Jiro Tokuyam, dean of the Nomura School of Advanced Management, told Gevirtz: "The entrepreneurial firms and the venture capital are the great advantages you have. If we cannot learn how to develop the Japanese entrepreneurial sector, Japan's companies will end up like the battleship Yamato at the end of the war, at the bottom of the Pacific."

One of the more interesting entrepreneurs to whom Gevirtz introduces us is Shunji Shinoda, who came here in 1972 as the management representative of one of Japan's biggest conglomerates and quickly found happiness in the American enterprise system, adopting the dangerous life of an American capitalist. He told Gevirtz, "In a word, Japanese society is one big bureaucracy, one big pyramid. Here it is different; there's risk, but it's not gloomy all the time. You can make your own future." Now, a growing number of observers are waking up to the fact that, largely as a result of the American entrepreneurial boom, America and Japan may be about to change competitive places, as more and more Japanese investors are pouring money into the US venture capital market where returns are high.

Through both anecdotes and crisply thoughtful analysis, Gevirtz spells out a "business plan" for the future of America that would refocus national policies away from state management or planning of technological expansion. Instead, national policy should focus on measures that release even more of America's

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enterprising spirit. Such measures would include making tax, monetary, and regulatory policy more accommodating to small business and less conducive to conglomeration.

A Business Plan for America is a genuinely "supply-side" treatise in the sense that it demonstrates the importance of how policy affects the incentives of individuals in the marketplace. Centrally manipulated government policies designed to stimulate the overall economy fail to appreciate the importance of the individual entrepreneur in the US economy.

This is an optimistic book that is refreshing in the wake of all the "industrial policy" prescriptions that have besieged us over the past few years. On a hopeful note, Gevirtz concludes that "by reintroducing the human factor into economic life, the entrepreneur may save capitalism from over a century of giantism and even greater depersonalization. In the face of ever-increasing corporate giantism and even against the threat of mammoth government and labor bureaucracies the entrepreneur has stood against history and survived."

Warren Brookes is a syndicated columnist and the author of The Economy in Mind.

Armament Anxiety

Missile Envy: The Arms Race and Nuclear War
By Helen Caldicott, M.D.
New York: William Morrow
365 pp. $15.95

Reviewed by Jane M. Orient

Dr. Helen Caldicott is one of the most effective leaders of the antinuclear movement in the United States. Since she joined the ranks of a once-obscure group called Physicians for Social Responsibility and began lecturing in its behalf, the group has achieved national prominence. Now boasting over 30,000 members, PSR sponsors seminars, endorses marches, and provides lobbyists in Washington. Its members have prepared medical school courses that are now required in some universities. Its viewpoint pervades the editorial offices of respected medical journals.

Caldicott's profession is pediatric medicine, but that's not what she spends her time on anymore. After visiting the Soviet Union as a guest of the Soviet Peace Committee in 1979, she relinquished her position at Harvard University to devote herself full-time to crusading against the imminent nuclear apocalypse. Why bother to save children with cystic fibrosis, she argued, if they will be incinerated within the next few years? *Missile Envy* is Caldicott's latest effort in that campaign.

Caldicott says reassuringly that she has a "hunger for concrete facts" in order to maintain her credibility and to "debate with any person who believes in deterrence." But this hunger does not prevent numerous errors.

To heal the world requires a shift to feminine weapons—submissiveness and apparent weakness—says Caldicott.

Some errors seem to stem from a tenuous knowledge of physics. For example, she states that infrared sensors can penetrate buildings to observe manufacturing activities and that commercial power reactors are the equivalent of bomb factories.

Some errors are misquotations: A one-megaton missile striking a 1000-megawatt power station would allegedly "contaminate an area the size of West Germany," making it uninhabitable for years or even decades. She cites Steven Fetter and Kosta Tsipis, writing in *Scientific American* in April 1981, for this bit of information. But these scientists in fact conclude there that a ground burst that vaporized a reactor might render one-third of West Germany unfit for habitation for a month or so, under suitable weather conditions.

In other instances, Caldicott uses accurate quotations, but misleadingly fails to place them in perspective. Citing an all-out nuclear war scenario from *Ambio* (and a worst-case rather than a "conservative" analysis), she dwells on supposed long-term cancer and genetic effects. But she never notes that fewer than 1 percent of the survivors would be afflicted, even with totally inadequate shelter.

Some other contentions made by Caldicott are simply false. If World War II were fought today, she maintains that all of Europe would become a radioactive wasteland because of missiles hitting its nuclear power plants. In the unlikely event that a conventional bombing raid could both breach the containment buildings *and* destroy the reactors, Fetter and Tsipis still contradict her dire prediction.

References are listed, sprinkled liberally with *Ibid.*, but the text contains no footnote numbers. So it is difficult to check the sources of implausible assertions—for example, that Israel now possesses 200 nuclear weapons. The bibliography is neither neutral nor balanced. The "physical examination" of world arsenals relies almost entirely on the Center for Defense Information, which has consistently opposed US weapons and underestimated Soviet ones.

The muddled and contradictory logic of *Missile Envy* is even more extraordinary than the factual distortions. In one discussion, Caldicott declares that most Soviet liquid-fueled intercontinental ballistic missiles (ICBMs) require such lengthy preparation that launch-on-warning would be infeasible. Later, she warns against US deployment of the MX missile on the basis that it might force the Soviets to adopt a launch-on-warning strategy that has purportedly been openly declared. It's difficult to conceive how a policy could at once be infeasible, currently practiced, and a potential future alternative.

In another show of inconsistency, Caldicott avers, on the one hand, that US submarine-launched ballistic missiles are first-strike weapons but elsewhere remarks that they are only good for retaliation. She claims that the B-1 bomber being produced by the US government is already obsolete because the Soviets have had 21 years to devise air defenses against bombers. But she ignores the B-1's utility as a launch platform for cruise missiles—weapons whose accuracy against Soviet targets she earlier acknowledges. She says that in the aftermath of nuclear war, disease-causing bacteria will proliferate wildly. In the ensuing pages, however, she proceeds to claim that an increase in ultraviolet radiation might destroy the pyramid of life by killing microorganisms. It's difficult to have it both ways, but Caldicott seems not to notice the in-

inconsistency of her statements.

Factual and logical challenges to Caldicott's position often have little impact. She herself admits that the essence of her message is emotional. Cold-blooded logic among generals and scientists caused our dilemma, after all, and intellectualization is a defense mechanism that prevents us from confronting the horror of the nuclear threat. According to Caldicott, men who quiz her about errors in the number of missiles instead of meditating on her vision of melted eyeballs have missed the whole point. Let's leave aside intellectual quibbles, urges Caldicott, and diagnose the cause and prescribe the remedy.

Caldicott does not renounce the Reagan concept of the Soviet Union as an evil empire but psychologizes it as a projection. She recounts the long history of American imperialism and points an accusing finger at Lawrence Livermore and Los Alamos National Laboratories and, even more, at profit-hungry corporations. The machinations of the Central Intelligence Agency receive 14 entries in the index; the Soviet Union's KGB is not listed once.

As a "neutral" born in Australia, Caldicott does not absolve the Soviets of all blame. The initially "reasonable man" Stalin did cause the collapse of the "grand ideals upon which that [Russian] revolution was based." Since then, the Soviets continue to be guilty of occasional misdeeds, as in Afghanistan, though she has four different explanations for the Korean Airlines mishap.

On lecture tours, she has in the past reassured the audience that the Soviets have never been accused of violating a treaty involving nuclear armaments. In *Missile Envy* she adopts a more-symmetrical stance—both the United States and the Soviet Union have been accused of violations, but nothing substantial has been proved. Once I had the opportunity to ask her about other treaties (the United Nations Charter, the Helsinki Accords, the Yalta Agreement, the Geneva ban on bacteriological and chemical warfare, etc.): "You see, you are angry with the Russians," was her reply.

Misdirected emotions, and our defenses against appropriate emotions, explain the pathogenesis of our terminal illness, according to Caldicott. She gives illustrations of such Freudian mechanisms as displacement, repression, denial, and above all, projection. The United States has projected onto Russia our hatred of Nazi Germany, our anger at Iran, our nuclear capabilities, our plans for a counterforce strike, our intentions of nuclear blackmail, and our own "dark side."

The diagnosis is clear, as is the remedy. Nationalistic defenses are, in Caldicott's view, extensions of Freudian ego defenses. They must be broken down, not augmented. More-precise conventional explosives—"indiscriminate," "near nuclear" bombs that do *not* produce radiation or fallout—might violate the Geneva convention. Civil defense receives the usual unsubstantiated ridicule.

Defensive weapons are the subject of the most egregious misinformation in the book. Caldicott describes the High Frontier project, wrongly attributed to Edward Teller, as a fantastic Star Wars scheme to generate laser beams from nuclear explosions in space. In actuality, High Frontier has explicitly rejected the use of nuclear devices and proposes to destroy opponents' nuclear warheads with mundane kinetic energy: the weapons of David against those of the Philistine giant Goliath.

Missiles, and projection, are primarily masculine problems in Caldicott's book. Even the great Sigmund Freud was afflicted. As Caldicott's chosen title, *Missile Envy*, suggests, Freud projected onto women the male sexual inadequacy that has resulted in violence throughout the ages as well as the current arms race. Unable to create life, men delight in destroying it.

Part of the male pathology results from conditioning and part from hormones. Androgens cause aggressiveness, big muscles, and body hair. Female hormones cause atrophy of the testicles and loss of body hair. They make men "softer and more sensitive psychologically."

To heal the world, then, requires a shift to feminine weapons—submissiveness and apparent weakness. When Caldicott has a conflict with her husband, she says, she always wins by abandoning her selfish needs and making herself vulnerable. Once, she recounts, when faced with a hostile audience, she "capitulated totally" and thereby "deflated" them. Extending these conflict resolution skills to the world situation: if tens of thousands of people were to lie

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Book Hints

a selective mention of books received for review

As President Reagan's second term gets under way that perennial bugaboo, the federal deficit, remains at the top of the news. In this light, it's not surprising that the 1983 Grace Commission report to the president on ways to cut federal spending should continue to receive attention. Books stemming from the Grace Commission report include *Burning Money*, by J. Peter Grace himself (New York: MacMillan, 195 pp., $14.95); *A Taxpayer Survey of the Grace Commission Report*, by William R. Kennedy, Jr., and Robert W. Lee (Ottawa, Ill.: Green Hill Press, 149 pp., $1.95 paper); and *Pork Barrel: The Unexpurgated Grace Commission Story of Congressional Profligacy*, by Randall Fitzgerald and Gerald Lipson (Washington, D.C.: Cato Institute, 114 pp., $7.95 paper).

A number of other controversial issues remain on the political agenda in the new year. The United States has decided to follow through on its plan to pull out of UNESCO because of alleged mismanagement and ideological conflict. A recent Heritage Foundation book examines what could happen if the entire United Nations shut down: *A World Without a U.N.*, edited by Burton Yale Pines (Washington, D.C., 176 pp., $8.00 paper).

Gun control is another issue that continues to draw attention. *Firearms and Violence*, edited by Don B. Kates, Jr. (San Francisco: Pacific Institute for Public Policy Research; Cambridge, Mass.: Ballinger, 571 pp., $38.00/$15.95) provides a well-documented discussion by a number of authorities on the subject, with topics ranging from a comprehensive analysis of the underlying assumptions behind gun controls to an examination of firearms legislation.

Though the oil crisis of the '70s seems well behind us, concerns over resource depletion persist. *The Resourceful Earth*, edited by Julian Simon and Herman Kahn (New York: Basil Blackwell, 585 pp., $19.95) challenges claims made by those who forecast widespread environmental disaster by the turn of the century.

Several recent short books tackle other key issues on the current political agenda. The National Legal Center for the Public Interest has published *Judicial Wage Determination: A Volatile Spectre*, by Frank Morris et al. (Washington, D.C., 63 pp., $3.50 paper), which brings forth a compendium of critical viewpoints on the "comparable worth" doctrine. Another pay-scale issue, minimum-wage laws, is criticized in *Low Pay or No Pay?* by David Forrest with S. R. Dennison (London: Institute of Economic Affairs, distributed in the United States by Transatlantic Arts, Albuquerque, N.M., 88 pp., $9.25 paper). The American Enterprise Institute sheds light on the problem of escalating health-care costs in *Managing Health Care Costs: Private Sector Innovations*, by Sean Sullivan (Washington, D.C., 106 pp., $15.95/$7.95).

The role of corporations in alleviating social inequities is addressed in *The New Crusaders: The Corporate Social Responsibility Debate*, by Douglas J. Den Uyl (Bowling Green, Ohio: Social Philosophy and Policy Center, 96 pp., $6.95 paper). Den Uyl questions the assumption that corporations are the creations of society, arguing instead that they are created by individuals who legitimately seek to maximize profits as their primary goal. However, Den Uyl demonstrates that profit-seeking activities by business are consistent with ethical decisionmaking and respect for the rights of others.

On the subject of business, although the improved economic situation has muted some of the pleas for government involvement in "reindustrialization," the debate is by no means over. *The Industrial Policy Debate*, edited by Chalmers Johnson (San Francisco: ICS Press, 275 pp., $21.95/$8.95) provides an excellent critical appraisal of the government-business relationship in the United States.

In *Constitutional Economics*, edited by Richard McKenzie (Lexington, Mass.: Lexington Books, 254 pp., $27.00) a number of scholars familiar to REASON readers (for example, F. A. Hayek, Ellen Paul, James Dale Davidson, and Bernard Siegan) address the central issue of how to erect government institutions that will enhance and protect, rather than subvert, individual economic freedom.

Economic freedom is the subject of a welcome textbook, *The Capitalist Alternative: An Introduction to Neo-Austrian Economics*, by Alexander Shand (New York: New York University Press, 242 pp., $30.00/$11.50). Markets and capitalism are also treated in several interesting recent works focusing on the economies of other nations. *The Emergence of Capitalism*, by John Iliffe (Minneapolis: University of Minnesota Press, 113 pp., $29.50/$10.95) provides a fascinating survey of the growth of African capitalism south of the Sahara from precolonial days to the present. *Pricing, Planning, and Politics*, by Subroto Roy (London: Institute of Economic Affairs, distributed in the United States by Transatlantic Arts, Albuquerque, N.M., 72 pp., $6.95) criticizes India's socialist economic policies.

Freedom is the topic of a recent philosophical collection, *Freedom and Virtue*, edited by George W. Carey (Bryn Mawr, Pa.: Intercollegiate Studies Institute; and Lanham, Md.: University Press of America, 156 pp., $22.75/$9.25). Debating the relationship between conservative and libertarian thought are eleven contributors, including REASON's senior editor Tibor Machan, Robert Nisbet, John Hospers, and Murray Rothbard.

Beyond Liberal and Conservative: Reassessing the Political Spectrum, by William Maddox and Stuart Lilie (Washington, D.C.: Cato Institute, 197 pp., $18.00) also examines political thought from a perspective that challenges the traditional political-science view of America divided ideologically between conservatives and liberals.

Politics and political ideas are the focus of an intriguing new science fiction collection, *Election Day 2084*, edited by Isaac Asimov and Martin Greenberg (Buffalo, N.Y.: Prometheus Books, 301 pp., $19.95 paper). A similar collection, but examining philosophical themes, appears in *Philosophy and Science*, edited by Michael Philips (Buffalo, N.Y.: Prometheus Books, 392 pp., $12.95 paper).

Ayn Rand fans may enjoy *The Ayn Rand Companion*, by Mimi R. Gladstein (Westport, Conn.: Greenwood Press, 144 pp., $25.00). Gladstein has compiled biographical data, critical and analytical essays, and summaries of Rand's works, as well as a comprehensive bibliography of works by and about Rand.

—L. S.

down in front of Soviet tanks, "what could they do?" Admirable past precedent for unilateralism, writes Caldicott, was Kennedy's moratorium on nuclear testing, which inspired the Russians to follow suit—until they were ready for another test, but that's a fact that Caldicott seems to have repressed.

As Freud realized, one response to envy is to cut off that which is envied. Disarmament. Just do away with the projectiles. Caldicott proceeds further: if we deny our egos, there will be no need for ego defenses.

While giving credit to Jesus Christ for being a brilliant psychologist, Caldicott herself is not merely the world's psychoanalyst. She calls on people to follow her in becoming like Atlas, saying "*I* will save the earth" (emphasis in original).

Will her therapy make us like Atlas, holding up the world? Or like another giant, Samson, who brought it down, assuring destruction of himself along with the Philistines? Caldicott proposes the ultimate female weapon, Samson's undoing: Delilah's scissors.

Jane Orient is a practicing physician in Tucson, Arizona, and the vice-president of Doctors for Disaster Preparedness.

Heinlein as Modern Mythmaker

Job: A Comedy of Justice
By Robert A. Heinlein
New York: Ballantine
384 pp. $16.95

Reviewed by Patrick Cox

Robert Heinlein has been called a crossover success because he, as a writer in the genre of science fiction/fantasy, sells books to the general public. Heinlein consistently makes the *New York Times* bestseller list and has commanded six-figure advances for his recent novels.

But Heinlein is more and less than an adopted son of the New York literary establishment. To pigeonhole him as a crossover from the less-than-respectable science fiction/fantasy field is at once to accept the questionable preferences of the existing literary establishment and to overstate the literary quality of Heinlein the writer.

His work has become part of the culture in ways that other bestselling writers have never approached. *Stranger in a Strange Land* was nearly scripture to the counterculture movement of the '60s. His consistent support of individual rights and responsibility have influenced thousands of people in much the same way that Ayn Rand's novels affect her readers.

Heinlein is an important writer, but he is not a great writer. With that statement, I have incurred the wrath and permanent grudges of ardent Heinlein admirers. And I am addressing an audience that is probably more fanatic than most.

So I have to carefully explain why I say he is not a great writer. I do defend him as one of the masters, a standard-bearer of his genre with Arthur Clarke, Isaac Asimov, and Ray Bradbury. But I think Heinlein would agree with my assessment of him—given my definition of the word "writer."

A great writer, not the same thing as a great storyteller, is a craftsman with words. A great writer exalts the palette of language itself and does not even necessarily tell a good story, using language as a great director uses film to present individual scenes that stand by themselves outside the context of the story being told.

Heinlein does not do that. He once wrote a caricature of himself as storyteller in *Stranger in a Strange Land*, when the autobiographical Jubal Harshaw dictates a story of an orphaned kitten lost on Christmas eve. Harshaw is cynically shameless as he tells the story, but the secretary who has taken his dictated story weeps and Harshaw has accomplished exactly what he meant to do. So does Heinlein.

Those uninitiated in the works of Heinlein should know what they are getting into though. For example, Heinlein does not really describe his characters. They are revealed through their actions and their speech. His characters are unpredictable, though they behave within the range of well-thought-out boundaries. Heinlein's novels work, but it is because of the sequence of events and the ideas alone. In short, it is the story.

And that should not deter anyone from reading *Job: A Comedy of Justice*, especially fans of Heinlein's who were put off by the utterly disappointing *Number of the Beast*. *Job* had my interest from the first page. And more, I appreciate its intellectual framework. *Job* is a bold novel that deserves praise for what it does, despite my reticence to give the whole-hearted endorsement that I would give another book that is similar in many ways—John Gardner's *Grendel*.

Gardner, who died recently, was a great science fiction/fantasy writer, though he was never proclaimed such. In *Grendel*, Gardner retold the epic myth of Beowulf from the point of view of the Danish monster, Grendel. Gardner worked within the ancient paradigm of the story completely, reinterpreting the established events, coming to different political and moral conclusions. Heinlein shares many of Gardner's critical views of authority, though, if anything, Gardner was even more anarchist.

I call Grendel science fiction/fantasy because it is in every respect part of the same genre as Heinlein's *Job*. But the important point is that *Job* and *Grendel* are part of the same literary tradition as Beowulf and the original book of Job. Science fiction/fantasy is simply the latest evolution in the oldest form of literary expression, the epic myth. It has prehistoric roots, with an oral tradition that predates the written word. Egyptians told and retold the stories of Set and Thoth. The Chinese had their dragons, and Indians had Krishna. The Greeks had a superhero who could turn into a swan if it helped him get what he wanted. They all meddled in the affairs of normal people, and there was always a moral to the story. Heinlein is an epic mythmaker. Forget that he does not care about prose.

Job: A Comedy of Justice, like *Grendel*, is set within a pre-existing scenario. The monsters, Lucifer and Grendel, are both reexamined in light of the actions of their adversaries, Jehovah and Beowulf. And in both books, the tables are turned. But Heinlein tackles the most important myth in modern history: the Judeo-Christian concept of God.

It's not necessary to deal with the veracity of that myth, the possibility that Jesus was in fact the "Godhead incarnate," as the scriptures say. Myths can be based in fact. We are talking about literature, not religion, and the Christian heaven is as fantastic as Valhalla, Nirvana, or Mount Olympus.

The original story of Job is the chronicle of a seemingly petty squabble between Jehovah and Lucifer, considered by many biblical scholars to be the oldest book in the Bible—predating Genesis in its oral form. God asks Lucifer what he has been up to and Lucifer says he's been here and there and noticed God's showcase servant, Job. But he points out that anybody with Job's good fortune, equal in modern terms to a healthy Howard Hughes, would find it

easy to believe in God. So, quixotically, God begins methodically to remove everything that Job has, including his health, in a test of loyalty.

Heinlein updates the story to the time of the Second Coming of Christ. The role of the tested is Alexander Hergensheimer's, a successful fundraiser for a fundamentalist religious empire not unlike many in existence today. Hergensheimer is sincere in his very realistic faith. Heinlein has done his research well. Furthermore, Heinlein plays by the rules, accepting all the principles that fundamentalists insist on. Instead of explaining away the evidence of evolution, for example, he accepts the hardline creationist story, letting Lucifer explain that God planted fossils simply to confuse people.

This, too, is not a new theme. Literary critic Harold Bloom, who holds the prestigious Sterling Professorship at Yale, wrote *The Flight to Lucifer: A Gnostic Fantasy*, in which the hero undergoes the same type of tests that Hergensheimer faces when, as in *Job*, he finds out that Jehovah is a secondary god who is not the infinite final "God."

The largest part of *Job* is about that testing of Hergensheimer. It begins when he takes a dare to walk a bed of hot coals while touring a Polynesian island, egged on by companions who point out that small children are doing it. When he reaches the end of the walk, he enters an altered world and things get hard, though he does meet a Danish maid on a cruise ship who is a source of comfort and classic Heinlein sex scenes. In the process, Heinlein gets to dispense his usual grandfatherly wisdom.

Heinlein's wisdom curiously resembles classic Christian values. He holds the puritan work ethic dear, except that he is no puritan. The virtue of hard work is praised and the book is almost antimaterialistic in its message that the only really important thing for a man is a woman, and vice versa. Next to a mate, Heinlein lists a razor, because a cleanshaven man is more likely to find work in an emergency, even if that work is washing dishes. When reality becomes so unpredictable that the faces on dollar bills change without warning, Heinlein manages to put in a word for hard money.

Romantic love has become a central theme for Heinlein, and *Job* develops that theme further than any of his previous novels. In fact, the main character's devotion to his Danish lover Margrethe becomes the final and telling battleground for Hergensheimer's spiritual loyalty. The woman is the sort that a man would walk into Hell for, and Heinlein takes the cliché literally. His exaltation of romantic love does not keep his hero from an occasional, actually frequent, dalliance. But Heinlein sticks to the rules, bringing up scriptural precedent—and there is plenty—for nonmonogamous behavior.

Heinlein has played with biblical themes before. The titles *I Will Fear No Evil* and *Stranger in a Strange Land* come from the Bible. The recent title and plot of *The Number of the Beast* was based on the Book of Revelations. Atheists who "doth protest too much" tire me, but Heinlein does not fit in that category. I don't even know what he really believes, and *Job* is not just another attack on religion.

Heinlein, like Gardner in *Grendel*, accepts the premises of his myth and uses them to question the way people interpret them, transcending the belief to reveal the believer. Moreover, the Judeo-Christian paradigm in which he works is not only part of our culture, but has helped form it in a profound way. Heinlein's observations on that influence and his insights into life in general are amusing and enlightening.

Heinlein's primary accomplishment in *Job* is the entertainment of his readers, but he does much more. He may not be the best writer of those who have taken on the issues dealt with in *Job*, but he is widely read by people who will never read Gardner or Bloom. For that he deserves a great deal of credit.

Patrick Cox is a free-lance writer, a public-relations consultant, and REASON*'s Spotlight columnist.*

The Ideological Urge to Control

The Coercive Utopians
By Rael Jean Isaac and Erich Isaac
Chicago: Regnery Gateway
325 pp. $18.95

Reviewed by William Havender

How do you suppose it came about that a CIA manual advocating assassination as one acceptable means of pursuing the guerrilla war in Nicaragua happened to surface just a few days in advance of the second presidential debate between Ronald Reagan and Walter Mondale—the very debate that was focused on foreign policy? Early news reports disclosed that the manual was made public by a Washington organization called the Center for National Security Studies (CNSS). That sounds innocuous to the average reader. However, those familiar with Rael Jean and Erich Isaac's book, *The Coercive Utopians*, would know that this organization has close ties with *Counterspy*, the journal that publishes the names of CIA personnel and that directly led to the murder of Richard Welch, the CIA station chief in Athens. Publication of *The Coercive Utopians* predated the episode of the CIA manual about Nicaragua, so the Isaacs do not discuss it. But they do reveal much about CNSS that sheds interesting light on the perspective of the group that disclosed the manual to the public. The organization, for example, has been active in defending Philip Agee, a gentleman who bluntly confesses that, with the practical evidence before his eyes of what the diverse social systems on this earth can achieve in terms of bettering the lives of their citizens, he adores communism and the KGB and abominates capitalism.

However much we may deplore the CIA's tactics and advocate nonintervention in the affairs of other nations and the noninitiation of force, it is clear that the release of this manual—so as to embarrass an important political opponent of a full-scale communist takeover in Central America and to help Walter Mondale at a crucial juncture—was not meant to foster individualist values but to oppose them. It is eye-popping revelations of this sort that make *The Coercive Utopians* an astonishingly important book. For it unifies a wide array of diverse political movements that all share the feature of justifying expansions of government coercion in the name of high ideals. Environmentalism, the nuclear freeze, consumerism, government regulation, the cancer scares, and many more are to greater or lesser degree riddled with this "coercive utopianism."

There are, to be sure, valid reasons for concern about each of these issues. But these issues have also been used as a springboard for attacking not merely the professed ills but also the wider structure of the society, in particular, its capitalist, individualist core. This potential provides an irresistible attraction upon those who actively oppose philosopher Karl Popper's "open society" (or Friedrich Hayek's "spontaneous order"), with the

result that multitudes of such coercive utopians occupy positions of prominence within each of these movements. They do not, of course, openly proclaim their deeper purposes, and the bulk of their followers never apprehend the hidden agenda pursued by their leaders.

Certain tell-tale features are common to utopian thinking. First, alternatives to the particular ill being criticized are never spelled out in a serious and detailed manner (thus, solar power is frivolously trotted out as a comprehensive alternative to nuclear and fossil fuels, despite the fact that solar energy *still* costs 10 times as much per unit of energy). Second, the existing ways of doing things are not merely criticized in a helpful way but are morally discredited. And third, only those solutions are advocated that expand the scope of governmental coercion and make possible a major restructuring of society. Solutions that offer an effective way of solving the problem—of pollution, or the arms race, or unsafe products, etc.—*without* bringing about fundamental social change are discouraged. In this way, whole agendas for redistributing power get hung from tiny hooks of valid concern.

The Isaacs document an amazingly varied taxonomy of coercive utopians. Many important sources of opinion in society have fallen under the sway of such utopians—the churches, the mass media, the universities, the major environmental organizations, certain think tanks, many foundations, and many agencies of the federal government (especially under President Jimmy Carter). Some examples:

- The mainline Protestant churches, both individually and in their collective bodies (such as the National Council of Churches and the World Council of Churches), have been funneling substantial funds to Third World "revolutionary" movements. Which ones? Not, you can bet, those that are fighting *against* communist governments (such as the Nicaraguan contras, the Afghan *mujaheddin*, the Eritrean Liberation Front, Jonas Savimbi's forces in Angola, or the anti-Vietnamese insurgents in Cambodia), but principally those fighting against governments allied with the West. The World Council of Churches has even given funds to Vietnam in support of "new economic zones"—relocation areas that are used to sequester political opponents. In the same vein, the Episcopal church was lately discovered to have been supplying funds to Puerto Rican terrorists right here at home through its Hispanic Affairs Commission!

Nor is the Roman Catholic church immune. Its Maryknoll order, Jesuits, and other advocates of "liberation" theology, in their ignorance of how a proper capitalist order operates to elevate the masses of the poor, have given support to antidemocratic, anticapitalist forces for change in Latin America.

- The environmental movement has

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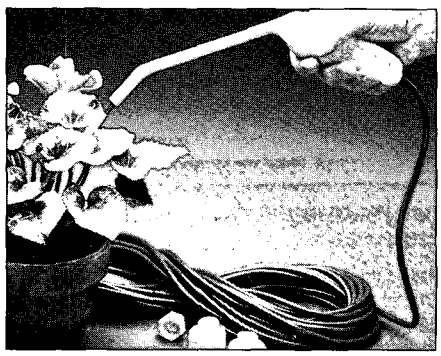

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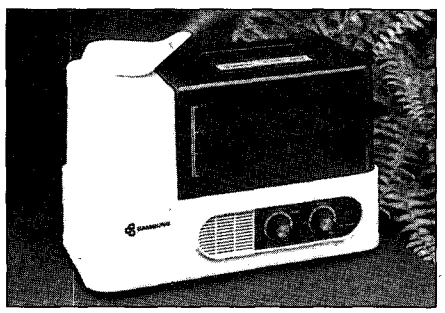

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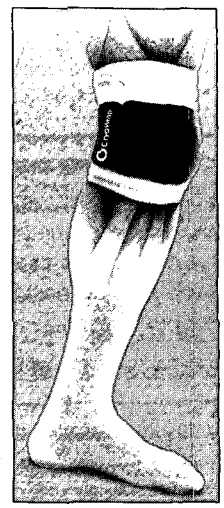

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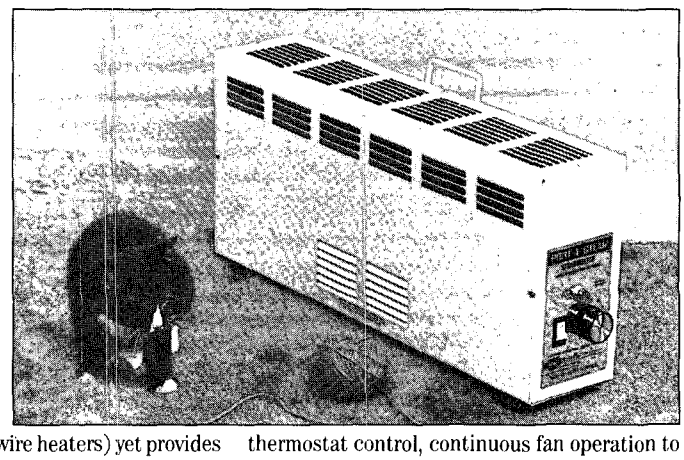

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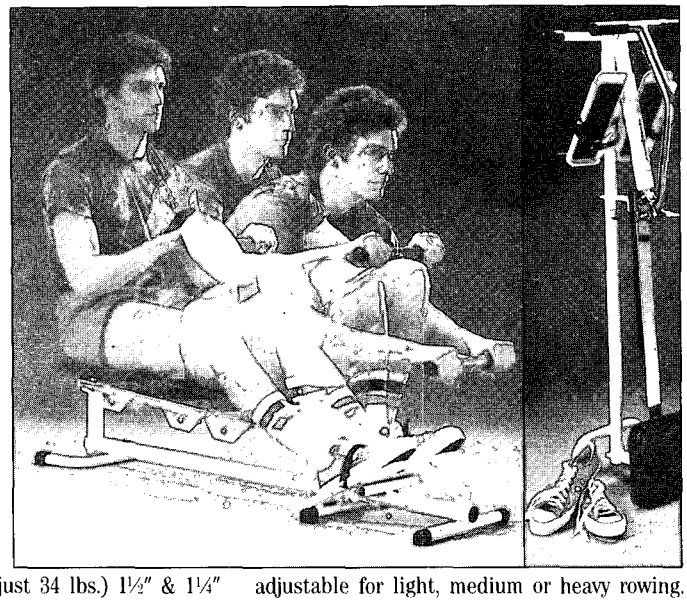

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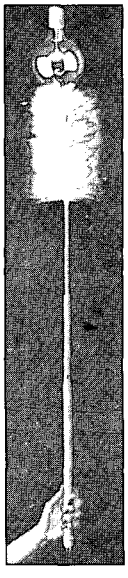

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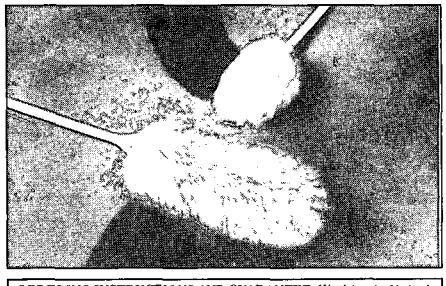

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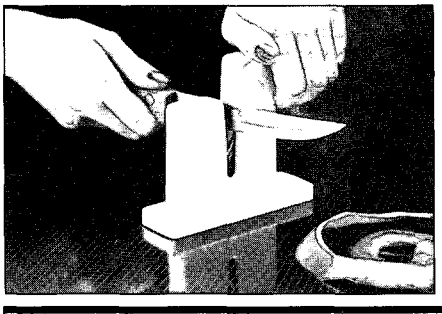

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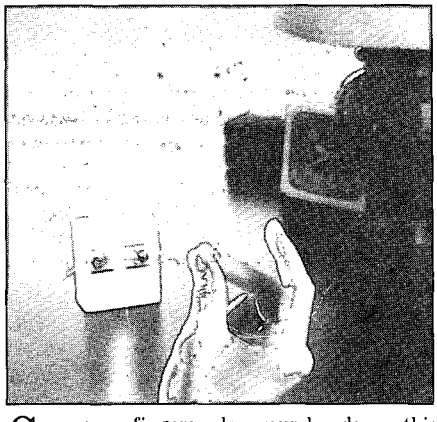

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richly nurtured the opponents of spontaneous order, since so many environmental problems entail externalities, and hence supply rationales for intervening in and overriding the network of individual market actions. It is precisely the possibility of establishing key precedents—such as chipping away at the property rights of individuals in the name of saving the coastlines, the wilderness, endangered species, etc.—that has proven so utterly seductive to coercive utopians. Solutions that would conserve property rights while solving the nominal problem—such as pricing scarce water resources by means of the market—have held little appeal for the major environmentalist organizations. Other solutions rooted in expanding property rights to handle the problem of the "commons"—such as allowing private ownership of outdoor recreation, wilderness, and scenic areas—get similarly short shrift. Enhanced government control and regulation is instead what almost every environmentalist group calls for.

Indeed, so strong is the ideological urge that there need not even exist any solid evidence of an environmental problem before massive regulatory remedies are advocated. The 1980 evacuation of families from Love Canal, the emergency ban on the herbicide 2,4,5-T, and the recent ban on the preservative EDB have all been based on claims about health hazards that were totally unsubstantiated by scientific evidence.

• The annual budgets of the utopian organizations summed together amount to hundreds of millions of dollars. Where does this money come from? A substantial fraction makes its way from the taxpayers via various programs of the federal government. Some comes from the churches. The rest comes largely from tax-exempt foundations. For example, the Field Foundation, the Samuel Rubin Foundation, the Stern Fund, the Rockefeller Family Fund, the Rockefeller Brothers Fund, and the Ford Foundation have been among the major contributors to such utopian groups as the Institute for Policy Studies, the Natural Resources Defense Council, the publishers of *Counterspy*, the Center for National Security Studies, various nuclear-freeze and peace groups, several of Ralph Nader's organizations, San Francisco's Public Advocates, and more.

The foregoing gives only a smattering of the massive documentation contained in this book. It is stunning in its scope, for it shows what free-market individualists are up against. It also warns libertarians to think very carefully about joining "common front" coalitions with such organizations on issues that libertarians ordinarily support, such as peace or a noninterventionist foreign policy. For the ultimate goals of these utopian groups are anathematic to the pursuit of individual liberty. In joining these groups, one runs the risk that, while helping to advance some goals a little bit in the short run, one willy-nilly helps coercive utopians achieve their goals a lot in the long run.

William Havender is a free-lance writer with a background in science.

LIFE & LIBERTY

(Continued from page 53)

dreary conference on the meaning of the gold standard and how it might touch on the price of soybeans is simply not a priority item for media coverage. But a display of a couple hundred Krugerrands, a few old $20 gold pieces, and a nice new suit of clothes might do the trick. How? By pointing out, in a dozen words, that with one $20 gold piece you can buy a new suit of clothes, as Abraham Lincoln could, but with a $20 bill you can buy a pair of nondesigner jeans. Getting the notion across that favoring the gold standard is not merely some old-fashioned quirk is difficult if the gold standard-bearers expect to put their case before the community on the six o'clock news with a pedagogical lecture. But getting the point across with something telegenic might work.

Those who know best how to use the media have learned that the most beautiful word in the language is the name of the person one is addressing. They do not deluge TV stations with hand-outs addressed to "Assignment Editor." Instead, they husband their resources and draw media coverage with professionally assembled press releases directed to named individuals bearing specific titles. Nor do these people time their media event to coincide with, for example, a presidential inaugural address. They've learned to pick dull times and fill them with exciting events, which they advertise amply in advance to those with the power to assign cameras or microphones to the event. And they do not preach to the converted. Instead, they tell the media what they have to say.

Crucial to beating the seeming curse of media unacceptability is beating the real curse of media boredom. Occasionally, those with a pretty good track record of gaining access to the media violate this—consider the laconic, whiny, and just plain dull George McGovern, inflicted upon America by an absent-minded Democratic party in 1972. One needn't opine about Walter Mondale last year—but generally those who succeed with the media do not nominate bores for office; they do not elect or appoint bores to positions with media visibility; and they don't let bores serve as masters of ceremonies at events. If every conservative event had somebody like William F. Buckley as its main draw, and every liberal event had somebody like George McGovern, the "bias" would suddenly appear to be very rightward indeed.

Those with media savvy cultivate friends in the media. They feed these friends scoops and never lead them astray, thus building a short-term but nonetheless useful fidelity or at least friendliness. They get those who agree with them to call the radio talk shows when they're on, creating in the minds of other listeners a sense that whatever or whoever it is that's being pushed is worthy and popular, not bizarre and unpopular. This may reflect my own particular bias in favor of radio talk shows, which pay my mortgage, but I'm convinced there is no more simple, direct, and persuasive a way to win friends and influence people through the broadcast media, if you're not Michael Jackson already, than talk programs. I can usually spot a hopelessly inept political campaign or a woefully impractical and wistfully out-of-joint political movement just by noticing whether the campaign organizers or the movement's propagandists have managed to prime the pump with supportive calls.

Dale Carnegie still remains a master of savvy. He said, "Be hearty in your praise and lavish in your approbation," this as a capsule explanation of how to win friends and influence people. People notice a thank-you letter, they appreciate follow-up, they like the ongoing contact. Those who dominate the airwaves are aware of these obvious things, whereas those who spend their time railing against the media and bemoaning its bias are usually too inward-looking to act commonsensically. It doesn't require a miracle to get a viewpoint heard and seen. What it takes is common sense.

Contributing editor David Brudnoy has been a TV commentator since 1971 and a leading radio talk host in New England since 1976.

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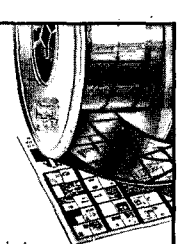

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Further & More

ENVIRONMENTALISM'S NEW ENVIRONMENT

REASON has reported that on a surprisingly large range of environmental issues—federally owned forest lands, the Garrison water project in North Dakota, Western water allocation, and others—environmentalists are discovering their common ground with fiscal conservatives. Recently, there's been mounting evidence that the two groups are becoming aware of how extensively their ideals converge.

Water issues are a good example. Although the water industry has traditionally enjoyed huge subsidies from Washington, an op-ed piece in the *Wall Street Journal* last November observed that it's occasionally being thwarted these days, as environmentalists "have learned to work with conservatives who are truly concerned about runaway costs." Despite early opposition from the Reagan administration, this new coalition was responsible for a provision in the new Colorado River salinity bill requiring local users to pick up at least 30 percent of the tab. And the coalition stopped a proposal for a massive water boondoggle that would have benefited Chevron Corporation's agricultural holdings in California.

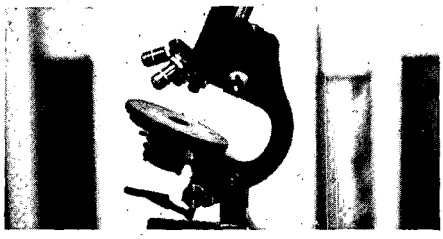
Free-market advocates have long favored selling water in an unfettered market. Their ranks are being swelled by environmentalists appalled by the massive waste of subsidized (and underpriced) water under the present system. An interstate water market "would create an incentive for investments to use water more efficiently," Environmental Defense Fund economist Zachariah Willey told the *Wall Street Journal*.

Privatization of federally owned land, once an exclusively free-market cause, is also gaining respectability among environmentalists. At a conference of the Political Economy Research Center—a Montana think tank that has long promoted free-market environmentalism—Willey last year endorsed the idea of "limited privatization" of government lands.

The Center's free-market views gained wide circulation in a syndicated *Washington Post* story last December on the Forest Service's ham-handed timber sales to private companies. The article pointed out that the Forest Service probably loses money on these sales and noted that "the deficit sales have added fuel to a new philosophy of environmentalism called 'The New Resource Economics.' " That's the free-market environmentalism pioneered by the Political Economy Research Center and increasingly compelling to more-traditional environmentalists.

MOLECULES AND MALIGNANCY

If every person in the world were to drink throughout his lifetime 2 liters of water per day contaminated with one molecule per liter of the known carcinogen benzene, the odds are that not even one additional case of cancer would occur as a result. That analysis, which recently appeared in a letter to



Science magazine, was provided by epidemiologist Norman Gravitz of California's Department of Health.

Gravitz used the example in discussing the "one-hit, no-threshold" model for carcinogens, which holds that a single molecule of a carcinogen "hitting" a cell only once may cause cancer. As Edith Efron detailed in the excerpt from her book *The Apocalyptics* that appeared as REASON's May 1984 cover story ("Behind the Cancer Terror"), this model is important, because it serves as the basis of much regulatory legislation. For instance, the federal "Delaney clause," which requires the banning of any food additive that has been shown to cause cancer in either animals or humans, is based on this model.

Although the regulators have adopted the one-hit model, there is, Efron noted, a fierce debate in scientific circles over its validity. Gravitz's calculations in *Science* shed light on that debate.

"Although it is theoretically possible that a single molecule of a carcinogen could induce cancer," Gravitz wrote in his letter to *Science*, "the probability of this occurrence is vanishingly small." Applying probability analysis to the benzene-laced-water example, Gravitz determined that the excess carcinogenic risk from drinking the contaminated water—"a lifetime consumption of about 51,100 molecules of benzene"—"is more than 16 orders of magnitude smaller than the most stringent state or federal regulatory standards for an allowable risk level." Furthermore, with a world population of 5 billion, "one would not expect even one additional case of cancer from this contaminated water."

"The fact is that both factions in this argument are correct," noted Gravitz. "According to the no-threshold, one-hit model, there is a finite probability that one molecule of a carcinogen could cause cancer; however, the opponents of this theory are also correct in expressing their incredulity at this possibility. For all practical purposes, the probability of this occurring is so slight as to make this skepticism reasonable."

AND MORE

• *Revising antitrust.* In a recently drafted set of nonbinding guidelines, the Justice Department urged courts to allow manufacturers to place almost any kind of nonprice marketing restraint on wholesalers and retailers who handle the manufacturers' products. Heretofore, judges almost universally construed "vertical constraints"—such as exclusive dealer contracts and strict territorial agreements—as anticompetitive and therefore in violation of the antitrust laws. But according to the department's new guidelines, such restrictions aren't usually anticompetitive.

• *Private guerrillas.* Huber Matos, a Cuban exile leader and a former guerrilla commander with Fidel Castro's revolutionary forces, is forming a guerrilla company of about 50 Cuban exiles to fight with Nicaragua's anti-Sandinista "Contras." A former guerrilla and a military governor after Castro took power, Matos protested the Castro regime's communism and was sentenced to 20 years in prison. About his joining the Contras, Matos told the *New York Times*: "This is also our war, since they, like us, are fighting against Castro and the Russians."

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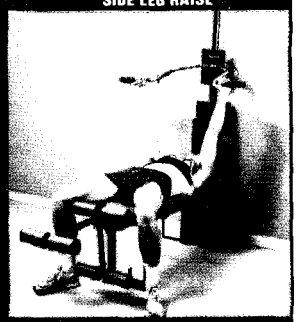

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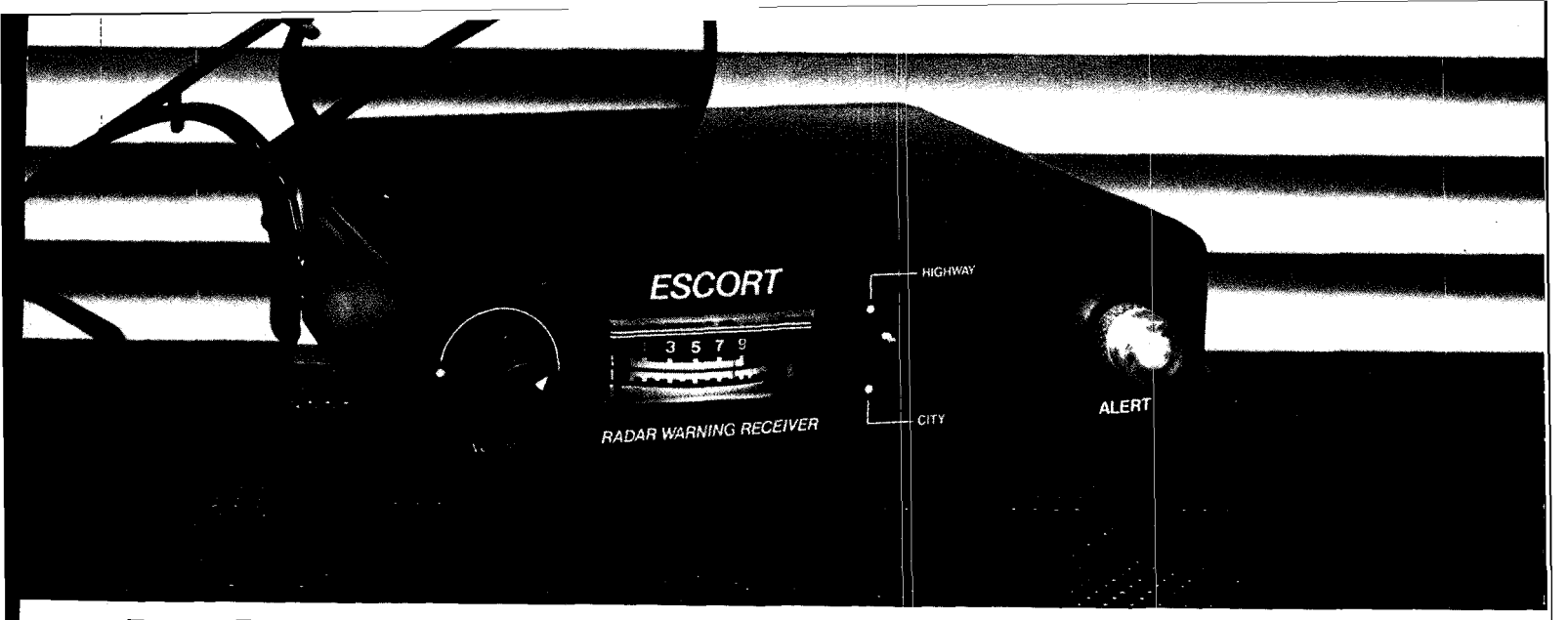

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Econ 101

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